

EAST ASIA TRENDS PHASE 1 REPORT(U) DEPARTMENT OF STATE
WASHINGTON DC OFFICE OF EXTERNAL RESEARCH
D E WEATHERBEE ET AL 1984 FAR-155-84

WASHINGTON DC OFFICE OF EXTERNAL RESE
D E WEATHERBEE ET AL 1984 FAR-155-84

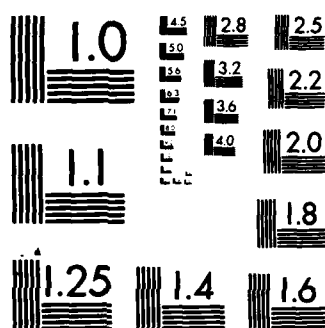
F/G 8/6

NL

END

© 2003 Blackwell Publishing Ltd

DTIC



MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963 A

7AR 155-84

(2)

AD-A159 042



1984

This paper was prepared for the Department of State as part of its external research program. Views or conclusions contained herein should not be interpreted as representing the official position or policy of the Department of State.

DTIC
SERIALIZED
AUG 1984
1

INSTITUTE OF INTERNATIONAL STUDIES
University of South Carolina

This document has been approved
for public release and sale; its
distribution is unlimited.

AD-A159 042

EAST ASIA TRENDS

Phase One Report

Contract No. 1722 420155/1724 420155



A-1

AD NUMBER		DATE	DTIC ACCESSION NOTICE
1. REPORT IDENTIFYING INFORMATION			
A. ORIGINATING AGENCY Dept. of State			REQUESTER: 1. Put your mailing address on reverse of form. 2. Complete items 1 and 2. 3. Attach form to reports mailed to DTIC. 4. Use unclassified information only. DTIC: 1. Assign AD Number 2. Return to requester.
B. REPORT TITLE AND OR NUMBER East Asia Trends, Phase One Rpt.			
C. MONITOR REPORT NUMBER FAR 155-84			
D. PREPARED UNDER CONTRACT NUMBER 1722-420155/1724-420155			
2. DISTRIBUTION STATEMENT Unlimited distribution to the general public.			

DTIC FORM 50
DEC 83

PREVIOUS EDITIONS ARE OBSOLETE

DEFENSE TECHNICAL INFORMATION CENTER

CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID
DEFENSE LOGISTICS AGENCY
DOD-304



Mrs. Barbara W. Morlet
INR/LAR
Room 6747
Department of State
Washington, DC 20520

EAST ASIA TRENDS

Phase One Report

Control No. 1722-420155/1724-420155

Prepared For

United States Department of State
Bureau of Intelligence and Research
Office of Long Range Assessments

by

Institute of International Studies
University of South Carolina

Principal Investigator, Donald E. Weatherbee

Co-Investigator, James M. Roherty

Co-Investigator, James T. Myers

This paper was prepared for the Department of State as part of its external research program. Views or conclusions contained herein should not be interpreted as representing the official opinion or policy of the Department of State.

TABLE OF CONTENTS

PART ONE: CONCEPT PAPER.....	page 3
East Asia Trends: Opportunities and Challenges for US Foreign Policy	
PART TWO: DISCUSSION PAPERS.....	page 29
Topic A-1	Trends in the Political and Economic Role of the Native Taiwanese in Taiwan.....page 30
Topic A-2	Prospects and Problems in Price Reform in China..page 32
Topic A-3	China's Perception of the Soviet Threat.....page 34
Topic A-5	The Future of Japanese Government Support of High Technology R & D.....page 36
Topic A-6	Japanese Defense-Related Industries and their Impact on Japanese Policy and on US-Japan Defense Relations.....page 38
Topic A-8	The Outlook for Japan's International Role.....page 40
Topic A-9	Prospects for Continuity and Change in Japan's Domestic, Economic, and Political Policies: 1985 - 1990.....page 42
Topic A-10/11	Leadership and Economy in Vietnam.....page 44
Topic A-12	The Industrialization Strategies of the ASEAN Countries.....page 47
Topic A-13	Brunei, Sarawak, and Sabah.....page 50
Topic A-16	The Political Impact of Islam in Southeast Asia..page 53
Topic A-17	Evolving Southeast Asian Perceptions of the Pacific Basin Proposal.....page 56
Topic B-1/2(a)	The US and the USSR as Viewed from ASEAN: Equivalence? Equidistance? Alignment?.....page 59
Topic B-1/2(b)	The Impact of the PRC-US Relationship on the Neocapitalist States of Northeast Asia: Japan, Korea, Taiwan, Hong Kong.....page 64
Topic B-3(a)	Culture, Revolution and Modernization in China...page 67
Topic B-3(b)	The Search for Ideology in ASEAN Southeast Asia..page 72

PART ONE

CONCEPT PAPER

East Asia Trends: Opportunities and Challenges for US Foreign Policy

EAST ASIA TRENDS:
OPPORTUNITIES AND CHALLENGES FOR US FOREIGN POLICY

Introduction.

The research problem that has been set by the contracting agency is to identify and assess likely areas, and relative weights, of continuity and change to be expected over the next five to ten years in East Asia (defined to include Southeast Asia). In establishing the parameters of the investigation, we have further specified the problem. An initial assumption of the investigative team is that we will be concerned with domestic and international economic and political variables that are regional in origin and will hold constant the extraregional environment. For example, our analysis of important trends in Japan (detailed in discussion papers A-5 to A-9) assumes no interruption in Japan's energy supplies because of the Gulf War.

Secondly, we assume that by "relative weight" what is meant is importance in terms of impact on American foreign policy in the region. However, it is understood that the parameters of assessing "relative weight" have been externally imposed on the investigation by the contracting agency's actual selection of the specific topics. For example, because it was not presented as a topic, we do not directly address in a discussion paper issues of continuity and change on the Korean peninsula even though the evolution of the political relationship between the North and South will be one of the fulcrums of the regional balance power. We will, of course, advert to Korea where relevant. The topics covered, therefore, not necessarily inclusive of all of the most significant topics responsive to questions of continuity and change in terms of "relative weight." Examples of other potent issues and topics will be

raised in the discussion to follow.

The Setting.

In order to raise significant issues about the future, it is first necessary to clearly delineate what appear to be the principal characteristics of the status quo, which in itself is the product of the incremental changes and continuities of the past. Conceptions of the international political processes in East Asia tend to be dominated by the geostrategic vantage point from which the region is viewed. It is not uncommon to treat East Asia as the object of policy outputs by the large powers whose interests come together in a conflictful fashion and where the desired goal is a balance of power. This type of study emphasizes the dependent links of the states indigenous to the region to their extraregional political and security partners. These dependencies are the natural outcome of the asymmetric distribution of power in a region vertically divided by the polarizations of politics, ideology, and history. In this kind of analysis, regional politics, then, becomes the reflection or manifestation of the global political contest between the United States and the Soviet Union. This kind of approach has been characteristic of American strategic analysts since 1950. Although we can agree that compelling contingent factors have often forced the regional states into the roles of surrogates in a triangular cold war scenario, we should not mistake this configuration of regional politics as the necessarily preferred pattern of relations --either within the region or to the extraregional powers. More importantly, as we look to the future, many other factors are at work -- which will be examined in detail in the discussion papers -- that suggest greater political independence for regional actors combined with growing autonomous power centers. The issues involved in shaping the way in which the United States will relate to this kind of region present both challenges and

opportunities for American foreign policy.

The contracting agency's RFP noted that, "The East Asia area has been in large part remarkably stable in comparison with many other areas of the world." We would make an even more positive evaluation. Today, some twelve years after the termination of the American combat role in Indochina and nearly ten years since the fall of Saigon, it is in a real sense remarkable, given the forebodings of a decade ago, how favorable the foreign policy environment in East and Southeast Asia is to American national interests.

The American power presence and with it the credibility of American commitments seemed to have crumbled in 1975 as the reality of the collapse of US policy in Indochina mocked the rhetoric of the Nixon Doctrine. Nervous allies and friends were alarmed as the term "redeployment" seemed to cover both a physical and psychological American political withdrawal from an East Asia that was even less secure in the wake of the communist victories. With the exception of continuity in the opening to China, major elements of the foreign policy agenda of the Carter administration seemed at the minimum irrelevant to the East Asian noncommunist states, and in some cases dangerously naive. The US, transfixed by the Iranian hostage crisis and impotent in the face of the Russian invasion of Afghanistan, seemed some kind of Gulliver, systemically unable to respond coherently and in a sustained manner to crisis and commitment. Yet, in 1984, we see that the United States is a senior partner in shaping the future of a region whose growing importance is expressed the idea of the coming "Asian era." We can briefly note some of the elements of the American position.

1. US diplomatic and political relations with the East Asian states seems generally firmer and more broadly based than ever before. From

Northeast Asia to Southeast Asia we can sketch a multifunctional web of relations that are evidence of a congruency of US national interests with the national interests of most of the East Asian states that involves much more than "cold war" issues. Amazingly, to use the colloquialism, we seem to be having our cake and eating it too with respect to the PRC and Taiwan. The alliance with Korea seems firmer than ever as the ROK emerges as a responsible accepted regional actor. In Japan, the Nakasone government builds even stronger political ties to the United States in its symbolic and rhetorical, if not yet fully substantial, response to American requests for "burden sharing." The US "dialogue" with the ASEAN states continues to expand in terms of subjects covered and mutual sensitivities. Many of the factors in these relationships are explored at greater length in the discussion papers.

2. The contemporary US political presence in the region provides a framework of general cooperation conducive to mediation and negotiation of the differences between the US and its friends and allies. We are certainly aware that numerous bilateral issues and irritants exist between the US and its Pacific partners. This becomes immediately evident once we introduce specific trade and commercial questions into the discussion; for example, US textile quotas or Japanese protectionism. We see however, the continued development of structures for policy consultation on international economic issues further easing frictions.

3. Our adversaries have not been able to compete with us in other than military terms. If we compare the US position today to that of the Soviet Union, the contrast is striking, particularly in the context of the fears of a decade ago. The USSR has close political relations with only two significant East Asian States: Vietnam and North Korea -- both of which in terms of the

rest of the region are pariah states. Whereas the US presence in the region is multifunctional, being engaged in every form of state interactions, the Soviets present primarily the face of military threat. The democratic values that are expressed through American foreign policy are still admired (if not always emulated), whereas the Soviet Union and its two friends are held accountable for the violence of Afghanistan, Kampuchea, the Rangoon bombing, and the KAL shoot-down. As will be briefly discussed below, and in greater detail in the discussion papers, there is little reason to expect that the Soviet political image in East Asia will be appreciably rehabilitated in the near future. Ironically, out of the collapse of the strategy of containment in Vietnam, a more functionally vital set of US interests linked to the interests of regional states has acted to create a pattern of international activity which while not "containing" the Soviet Union in the sense of counterforce, structurally and functionally denies Soviet participation -- unless the Soviet Union itself alters its political, economic, and military policies.

4. US economic and commercial interests in the region have grown dramatically in concert with the dynamic economic growth of the mixed neocapitalist states of East Asia. We will not take the space here to go into the statistical measurements of this growth or the US stake in it. This is amply documented. The development of the economic interdependencies of the Pacific region and the relative prosperity of the neocapitalist market economies of the region is underpinned by the political framework of stability to which the US presence is a major contributor

5. US political and economic interests in the region are supported by

a more sophisticated security structure. Enhanced American military capabilities are (for the time being) securely based in a geopolitical setting that seems more favorable to the US than our adversary. The commitment of the current American administration to a revitalization of US political/military has been welcomed by leaderships throughout the region , and those leaderships are committed themselves to upgrading their own defence forces.

II. Elements of the East Asian Dynamic

In its three major components --political, economic, and security -- American national interest in the East Asian region seems to be well served at the present. What, therefore, have been some of the intervening factors that have produced this kind of outcome ten years after "Vietnam." For purposes of this discussion we will leave to one side an analysis of the internal political and psychological changes in the United States itself. We recognize that in a more broadly conceived construction of the research issue important factors for continuity and change in East Asia are to be located within the US domestic arena. Here we will be satisfied to indicate some of the more salient regional factors that appear to have been at work and which will continue to have great relevance for the future.

1. The nature of leadership in East and Southeast Asia. The ruling elites of the region share a number of characteristics in common. They are essentially pragmatic, depending upon bureaucratic-technocratic support structures for decision making that rationally allocate resources for the optimization of real interest. The decision making context is, thus, nonideological. Their increasing self-confidence has been buoyed by the successful weathering of the world recession. The general description can be

extended to the current dominant elite in China. Secondly, all of the leaderships in the market economy states of the region are anticommunist although the sources and intensity of their anticommunism as well as their perceptions of the external threat differs depending upon their geostrategic perspective. Continued regional stability (defined in terms of the promotion of US interests) will have as one of its elements continuity in leadership styles and identification of interests.

2. Mature nationalisms. All of the leaderships of the region are secure in their national identities. They are confident that they are on the right track. With the exception of the Philippines, decision making power has been consolidated even though in many cases the political institutions are fragile. In Korea, we have a major industrial nation stepping out onto the world stage. The word "neonationalism" has been used to describe Nakasone's Japan. It would perhaps be more accurate to phrase the thought in terms of the end of policies of political abnegation. In the ASEAN region we see the grouping confidently acting as a successful coherent political caucus mobilizing global support against Vietnam's invasion and occupation of Kampuchea. For the United States, the mature nationalisms of our friends and allies means that we no longer have the psychological power to force our viewpoint on leaderships that are fully capable of determining their own autonomous interests.

3. Asian regionalism. There is growing recognition among most of the states of East Asia that there is in fact a regional dimension to their interactions transcending simply geography. The configuration is primarily economic in the functional and trade interdependencies that link the market economies of the region to dual Japanese and American centers. Further

definition of the region will be in part a function of the degree to which Japanese and American economic policies in the region are cooperative and complementary rather than competitive, as well as the way in which the industrializing states of Southeast Asia politically respond to new dependencies as the new technology requires new forms of organization and management ("Look East") [topic A-12]. Efforts to give more formal effect to the process of economic cooperation in this region is the subject of topic A-17]. A political framework for regionalism in East Asia is less easy to demonstrate. Although the Northeast Asian salient of the region is politically defined in acceptance of the Soviet threat and the need to strengthen defences against it, the Southeast Asian states tend to resist the imposition on them of this framework of political alignment [topic B -1/2(a)].

The post-1975 development of the Association of Southeast Asian Nations (ASEAN) is one of the most significant factors that has led to regional stability. Since the ASEAN Bali Summit (1976), and especially since the Vietnamese invasion of Kampuchea, the now six states have self-consciously sought to harmonize and coordinate policies so as to minimize frictions among themselves and maximize their common interests. The ASEAN regional identity is increasingly one to which Japan, Korea, and the United States economically relate and China, in terms of Vietnam, politically relates. Although a topic on ASEAN's future is not included, two important factors that will have a bearing on the regional future should be mentioned. Will the stalemated confrontation between ASEAN and Vietnam over Kampuchea prove so internally stressful on ASEAN solidarity that political fragmentation on this issue will spillover into other areas of ASEAN cooperation? Will the political decision makers in ASEAN implement the recommended measures to strengthen ASEAN economic cooperation. ASEAN's relations to wider patterns of East Asian or

Pacific cooperation is the subject of Topic 17.

If regionalism is defined in terms of the grouping of the market economy states of East Asia, than how are China or Vietnam going to relate to it? In otherwords, as we think of regionalism, should we simply be concerned with the development of functional linkages and transactions that can be empirically measured, or must we include similarities of political economies? To move towards any kind of structural definition of the region in the form of cooperative or consultative mechanisms that excludes the PRC, however, will be counterproductive politically.

4. The relative irrelevance of the Soviet Union to the political economies of the region. The Soviet military buildup in East Asia, both in terms of its conventional and strategic forces obviously is of concern to the United States and its friends and allies. For whatever purposes they are intended, we can expect that Soviet forces will continue to be enhanced in the future. One area in which we will not explore the factors for continuity and change will be that of the impact of arms controls negotiations on East Asia. The Soviet Union has not been able to translate its growing military strength into effective political penetration. Our conclusion is that the Soviet Union will not be able to make its military strength functionally relevant to the principle regional interests.

(a) We would not expect that the deep political gulf based on appreciations of real interest and threat perceptions that are involved in the Sino-Soviet relationship to be bridged in future "normalization" talks [topic A-3].

(b) There is little reason to expect any significant improvement in

Soviet-Japan relations in the near term given the militarization by the Soviets of Japan's lost territory and Japan's commitment to enhanced self-defence forces [topic A-8].

(c) In Southeast Asia the continuation of the stalemate over Kampuchea and the Soviet backing of Vietnam will continue to inhibit Soviet efforts to improve relations with ASEAN states [topic B-1/2(a)].

(d) The Soviet Union does not seem likely to become a participant in the dynamics of the "Asian era." It is unlikely that the Soviet Union will be able to significantly expand trade and commercial opportunities to any great extent. The structure of the Soviet economy, the technological and market preferences of the neocapitists states of East Asia, and the well established patterns of traditional trade work against the Soviet Union in this regard.

(e) Other factors constrain the Soviet Union's ability to relate to the states of East Asia. All of the governments of the region are alert to Soviet espionage and the political content of the overt and covert contacts of Soviet personnel. The Soviet Union has failed to appreciate the maturation of the nationalisms of East Asia, nor does it comprehend the dynamics of the political economies both domestically or in their interdependencies. The Soviet Union itself, along with other Socialist nations, are not attractive models, and Marxism-Leninism is generally discredited.

5. The centrality of China to the region's future. There can be no

question but that China's future political and economic development will strongly affect the pattern of regional relations. Perhaps the most important US policies that have served to bring about the general framework outlined in Section I have been those that have engaged the PRC in a bilateral relationship that has had high priority attached to it, at least on the US side. The successful accomplishment of the "Four Modernizations" will mean a strong China that may be politically more assertative. Already, concerns about China's long range ambitions impinge on US-ASEAN relations [topic B - 1/2(a)]. A failed program of development, on the other hand, could lead to re-radicalization of power in China. In the short term it may be that the necessary external dependencies of the modernization process will, from the US point of view, constructively mediate China's relations with regional neighbors --including Taiwan [topic A-1] -- but either success or failure will alter the Chinese stance towards them and the US. It is important then that we consider the implications of the current leadership's policy [topic A-2] since the prospects for systematic economic reform seem uncertain even though the solution to the problems attacked is central to the future of the Chinese modernization process [topic B - 3(b)].

III.Strategic Ambiguities

The thrust of the argument implicit in Sections I and II above, is that the probable location of those variables most likely to influence continuity and change in the East Asian region is within the political economies of the states themselves and not from the external security environment. The major parameters of that environment both in terms of threat and response appear to be fairly stable. However, there are conflict zones in the region in which the extraregional linkages do have the potential for escalation of armed

conflict.

(a) North Korea-South Korea. The dangers here are obvious as an unsatisfied North Korea views the maturing economy and global political presence of its enemy. It is quite possible that Pyongyang's state terrorism will be escalated as we move towards the Olympics and beyond. The Korean case defies probabilistic analysis because of the nature of the Pyongyang regime. However, it would appear that both the USSR and the PRC find the status quo on the peninsula satisfactory.

(b) Thailand-Vietnam. Thailand has been turned into ASEAN's front-line state as its border region with Kampuchea has become the de facto bleeding Khmer-Vietnamese border. From Thai sanctuary the regrouped Khmer Rouge and smaller noncommunist Khmer resistance forces carry a low-intensity war back into Kampuchea. This has spurred retaliatory Vietnamese incursions and lodgements into Thailand. As the resistance persists, digs in, and becomes stronger, a need for preemption may force Vietnam to take ever bolder military steps. Regardless of the final outcome on the ground in Kampuchea, it is probable that Thailand will be faced with a residual refugee problem. Thailand's political insistence that it will not allow itself as country of first asylum to be turned into a country of final settlement will raise INS problems for the United States.

(c) Vietnam-PRC. Since the Chinese invasion of Vietnam's northern border region in February 1979, China's strategic guarantee to Thailand has carried with it the option of tit for tat force, as for example in April 1984. China's demonstration that it can open a "second

front" at will may or may not restrain Vietnam. It does, however, raise questions about possible responses by Vietnam's strategic ally, the USSR.

- (d) PRC-USSR. China's deep concerns about Soviet military intentions are dealt with in Topic A-3. Certainly an unlimited Chinese invasion of Vietnam would require some form of Soviet support for Hanoi. Up to now, however, all parties to the Kampuchean conflict have sought to manage it so as to avoid escalatory uncertainties. Vietnam in Kampuchea is on the agenda of the Sino-Soviet normalization talks.

- (e) Intra-ASEAN conflict. Southeast Asia is a region where territorial disputes, jurisdictional disputes, the overlap of ethnic insurgency, etc., have a disruptive potential. In ASEAN, however, the mechanisms for intra-ASEAN conflict avoidance have developed. The region has become in Karl Deutsch's well known formulation a "security community" in which the expectation of war-like behavior within the boundaries of the community has been all but eliminated. Nevertheless, there are points of conflict that do bear watching particularly on the Malaysian peripheral boundaries; and its relations with the Philippines over Sabah (compounded by the flow of Mindanao and Sulu refugees, and the impact of Brunei's independence [reference topic A-13]). Although not strictly an intra-ASEAN problem, the poor state of relations between Indonesian and Papua New Guinea is a worrisome issue. It has ramifications for Australian-Indonesian relations, as well as the United States. the peripheries.

(f) The South China Sea zone. The territorial and maritime jurisdiction conflicts in the region of the South China Sea is not simply a matter of resource jurisdiction. At a strategic level of analysis, it is part of the struggle to determine the local international order as between Vietnam and ASEAN and the regional role of the great powers. As the PRC becomes militarily stronger, particularly in its naval forces, there will be greater potential for forcing issues in such a way that Vietnam's strategic ally will become involved. In a sense, it is in the South China Sea that we find a regional strategic microcosm. It may, in fact, deserve a separate discussion.

The above paragraphs are not meant to suggest either alarm or complacency about the security framework that underlies the burgeoning political and economic ties between the US and the East Asian states. What we mean, without attempting to adduce the full argument, is that the basic outlines of the regional distribution of power will not be significantly altered if the present policies of the regional actors continue to be pursued. The balance of power is not so unfavorable to any actor that it will feel compelled to use radical means to redress it. Under this general regional balance, which is, in fact, a pendant of the global balance, changes in security relations are occurring which lead to some degree of strategic ambiguity on the part of the East Asian states and the United States, for instance:

(a) Although the US welcomes Japan's acceptance in principle of its responsibility to assume a greater defence burden and the need to

modernize, expand, and upgrade its military capabilities, it should be understood that as Japan develops its own capabilities, thus becoming less dependent on US capabilities, it is not impossible that Japan will become increasingly politically independent of the US [topic A-6]. How strategically independent do we want Japan to become? Once the spiral of nationalism fed by militarization is further down the future road, at what point might the nuclear threshold be passed if Japan decided to be strategically independent? We are reminded that Japan is developing a complete nuclear fuel cycle and is on the leading edge in fast breeder and fusion technology [topic A-6]. Furthermore, a more politically self-confident Japan is likely to be less forthcoming in its dialogues with its economically weaker partners in ASEAN.

- (b) Efforts by the US to forge an implicit Northeast Asian strategic alliance with Japan and the PRC will continue to be viewed with suspicion by the ASEAN states who do not want burden sharing to be burden shifting. There still remains in Southeast Asia residual concerns about the future implications of enhanced Japanese military capabilities. After all, 1,000 miles is simply a line on a map, not a description of the limits of capabilities.
- (c) The ultimate objectives of the US in its relationship with the PRC remain as yet unclear to many. At least two problem areas can be remarked upon. In the first place, to what extent does the US contribution to China's modernization pose a security threat to China's neighbors, particularly in Southeast Asia? As China becomes a regional nuclear weapons power with, for example, the SSBN

deployments, will the US be able to bring it into arms controls negotiations? If not, what impact will that have on Southeast Asia in terms of its relations with the Soviet Union [topic B-1/2(a)] or Japan's rearmament programs, particularly the sanctity of Japan's nonnuclear principles? Secondly, will a stronger China be better able to "normalize" its relations with the USSR? What would a condition of Sino-Soviet normalization mean for the United States?

- (d) In Southeast Asia the continuing stalemate over Kampuchea seems to have only the Soviet Union and possibly the PRC as winners. It is a wasting asset for ASEAN and Indochina. The longer it continues, the more deeply entrenched the USSR will become in Vietnam [topic A-10/11]. The longer it continues, the more deeply entrenched China will become as Thailand's strategic partner — to the discomfiture of Malaysia and Indonesia. In both cases, it does not appear that US interests are being served.

- (e) We cannot ignore the capabilities of the Soviet Union to conduct what might be coercive or intimidatory diplomacy involving military display if suitable opportunities should present themselves or vulnerabilities be perceived. This kind of muscle flexing would be to demonstrate presence and to remind the regional states of the possible consequences of too close a military link to the US. It also could be used to support a local ally; for example, Vietnam's claims and interests in the hotly disputed South China Sea regions. It could also back Soviet effort to exploit any possible political openings that might arise. In the past, however, such acts have

tended to be counterproductive; not persuasive but confirming the malign image of the USSR.

IV. Regime Legitimacy

As noted above, we do not expect factors in the security environment to significantly change. We will suggest that it is in the internal processes of the regional states that the most important variables are to be found. By far, the most volatile and, arguably the most potent, factors working to influence patterns of continuity and change are those affecting regime legitimacy. In the most general sense, by legitimacy we mean establishing a basis for regime approval in terms of a broad public consensus on agreed ends and means of politics. Thus, legitimacy involves both the acts of government and its goals and in terms of cognitive and affective impact on publics is conceived of both as interest related and ideology. A legitimate regime is one in which the transactions of government and political change takes place in a generally noncoercive and peaceful manner. To the degree to which legitimacy is challenged, the government increasingly relies on coercion to accomplish its ends and political change involves violence. The condition of stability or instability, then, is to a great extent a measure of legitimacy. With the exception of Japan, all of the states of East Asia have legitimacy problems. In a few of the states the problem is serious. We will simply sketch here some of the major problem areas and refer to the discussion papers for details.

China. The Communist Party of China is caught in what appears to be an insoluble dilemma; that is the search for modernization based on a market model and maintenance of the Party's authority which is based on Marxism-Leninism-Mao Zedong thought. Will the Party in the end be willing to

sacrifice control in favor of economic prosperity and the economic values which the new reforms seem to imply. For them to do so, it seems that they would have to abandon their reliance on a single sanctioning ideology. Although that may be the "rational" choice, there remain significant political forces in China whose goals lie in control rather than efficiency [topics A-2 and B-(3a)].

Taiwan. The trend in Taiwan politics is in the direction of the continued dilution of the powers of those "mainlanders" who have a significant attachment to reunification. As cleavages between the Taiwanese and "mainlanders" blurs, there is no reason to believe that domestic opposition to the KMT will lessen. The KMT will have to face the question of justifying its rule in the absence of a "reunification " myth and perhaps even in the event of an independence movement [topic A-1]. The leaders of the PRC have already pointed to the Sino-British Joint Declaration on Hongkong as evidence that they are prepared to accept "special administrative regions" with separate and different social systems. The two cases are fundamentally different in that Taiwan exists as an independent political unity with its own political leadership and its own capacity for self defence. The question of legitimacy extends to the question of who is to negotiate with the PRC?

Korea. Although Korea is not treated in a discussion topic, we would be remiss if we did not include it as an example of a legitimacy problem. Its lineaments are well known and do not have to be elaborated here. The immediate cutting edge of the problem will be in the kind of reception Kim Dae Jung will get on his return. Some variant of the Aquino model haunts us. Furthermore, if as noted in Section III, North Korea escalates its state

terrorism as it seeks to undermine South Korea's Olympics and other marks of stability and international acceptability, acts of repression by the government -- even if justified in the name of internal security -- will aggravate the legitimacy question.

Southeast Asia. The task of leaderships in Southeast Asia is to make themselves legitimate in societies that are undergoing the disruptions of rapid economic and social change and that are at the same time horizontally stratified by income inequities and status while vertically cut by race, ethnicity, religion, and the other marks of sub-national community identity. In environments of rapid economic growth and technical diffusion, ideological frameworks within which the population can be mobilized to common goals are balanced by appeals to primordial belief systems and social groupings in which the human spirit has greater value than the economic growth data. The most serious problems in this respect are to be found in Malaysia and Indonesia. where the technocratic-modernizers are challenged by the forces of Islam [topic A-16]. Furthermore, the demands of unity and control over resources has meant creeping (sometimes running) authoritarianism in the region. In two countries, Indonesia and Thailand, the militarizing of authority has led to legitimacy problems [topic A-3(b)].

The Philippines. Even though there is no separate topic on the Philippines [but reference topic A-3(b)] we break it out from the rest of ASEAN Southeast Asia because of (1) the special nature of American interests there and (2) the critical nature of the legitimacy problem. Although President Marcos still wields the instruments of power, uncertainty abounds about the future. All of the indicators of instability (illegitimacy) abound in a society buffeted by the conjuncture of economic disaster and succession

politics in a psychological environment conditioned by repression and violence. Whether or not Marcos is "toppled" or there is a "constitutional" succession the status quo ante will not be recovered, and the United States will have to develop instrumentalities to relate to a Philippine regime with a different value base than that to which it is attuned. If the crisis persists beyond the scheduled presidential elections, than the possibility of internal war in the Philippines looms large.

The issues of legitimacy as they occur in the East Asian region will have relevance for US policy. They will affect the way in which the United States relates bilaterally both in terms of US perspectives of the incumbent regime and indigenous opposition perspectives of the United States. This already is a factor in the US-Philippines relationship. The US has institutional difficulties in relating to opposition groups. This is interpreted as an absence of empathy towards their objectives. Conversely, if the US should seek by political intervention to moderate or mediate what might be considered the authoritarian excesses of incumbent regimes towards their opposition, a counterproductive result could eventuate in terms of other US interests.

V. Problems of Succession

The issue of legitimacy is closely related to the problem of succession. In a sense politics is always the politics of succession. The issues posed in some of the discussion papers, however, can be more narrowly defined. We are concerned that the kind of leadership we have identified in Section II and the policies they have adopted with respect to the US relationship be continued.

For most of the East Asian region, it would appear that this kind of succession in which new role holders simply inherit and follow on the policies of their predecessors will be the rule in the five to ten year time frame. There are, however, at least three potential areas of disruption and discontinuity to be identified that might affect some cases: a legitimacy crisis, generational change, and a shift in institutional dominance. In some cases, for example Singapore where we can expect a new generation of leaders to be fully in place by 1990, legitimacy will be a function of achievement and generation change will make little value difference. Some other cases, however, do bear closer inspection.

1. In China, for example, we have already noted in Section IV [and as detailed in topics A-2 and B-3(a)] the terms of a legitimacy dilemma. We acknowledge the possibility that a post-Deng or anti-Deng leadership may emerge willing to accept stagnation as the price of the Party's maintaining its grip on the Chinese nation. Such a succession would fundamentally change PRC-US relations and the strategic equations flowing from it.

2. In Indonesia, although leadership seems assured to 1988, it is probable that Suharto will be succeeded by a new, post-'45 generation leader. Uncertainties abound about the succession process since the formal institutions are no guide to the real process of selection. Any successor will not have the mantle of legitimacy —saving the country from the PKI — that Suharto has. It might be suggested that the internal divisions of "left" (liberal democracy) and "right" (Islamic traditionalism) will be more pronounced [topic A-16 and B-3(b)] in that time. We cannot rule out the possibility that generational change in leadership in Indonesia will bring different values and attitudes to the problems of government and foreign

relations either in terms of a "purifying force" or with more expansive foreign policy goals.

3. In Thailand, the military seems permanently poised for a coup as leading elements within it try to find constitutional (or, if necessary, extraconstitutional) ways to formally shift the balance of political power in the kingdom away from the civilian parliament and parties and back to the army [topic B-3(b)] The discontinuities of the "student revolution" of 1974 and the "Young Turk's" April Fools Day coup (1981) suggest that such a transfer would not necessarily be peaceful. Although a military succession would not in and of itself bring major alterations in Thailand's relations with its neighbors or with the US, the internal instability would have impact, particularly if it gave new impetus to Thai radical politics and probably communist insurgency. Furthermore, royal family involvement in the politics of coup, particularly against constitutional democracy, would seriously undermine the legitimating function of the monarchy in Thailand.

4. Communist regimes are not immune to the problem. An eventual transfer of power to a younger generation in Vietnam will probably take place in the context of ongoing debates about economic policy centered around development or socialism and nationalism versus Russian penetration [topic A-10/11] The future structure of Vietnamese involvement in Kampuchea will also influence the outcome of the debate.

5. The succession problem in the region is most critical in the Philippines. All of the elements making for possible leadership and policy discontinuities seem to be in place. It would appear very doubtful that any successor government to the Marcos regime will have as close political relations to the United States. This has implications for future rounds of

base negotiations. Furthermore, if a truly radical nationalist leadership emerges (and by this we do not mean an NPA triumph, which seems improbable at this time), the pattern of consensual decision making in ASEAN would be disturbed. ASEAN solidarity rests on a framework of shared elite values that seems too fragile and non-institutionalized to be able to integrate a radical Philippines.

The Industrial-Technological Revolution

The industrial dynamic of the East Asian region is today being driven by the application of new technologies to both old and new industries. Japan is in the forefront [topics A-5 and A-6]. It is very significant that Japan is not only applying "borrowed" technologies, but that there are clear indications today of a major commitment on the part of Japanese industrial and governmental leaders to high technology research and development. In the past, Japan has been essentially passive in so far as basic, exploratory R & D is concerned, being oriented to engineering rather than science. What is revolutionary about the new commitment is its emphasis on development of vanguard technology and the basic science which underlies it.

This new industrial-technological revolution in Japan has military implications. In the final decade of the century Japan will be on the leading edge of military technology. The rationale is dual: the needs for an indigenous base for Japan's own self-defence forces and export expansion so that Japanese industry simply not be left behind in the competitive global economy. Attention is directed particularly to "dual use" technologies. There is a keen awareness that the divide between high technology for consumer goods and high technology for weapons systems is narrow and easily bridged. An industrial government consensus is developing that Japan not only must push to the frontier of these technologies, but that she must export such

technologies if the economy is remain viable. It is at the point of the export of military capable technologies that the economic issues become translated into political decisions. If the Japanese commitment to high technology on the one hand and growth of the defence sector requires "economies of scale" that can be realized only through export we have gone beyond question of simply US-Japan technology sharing.

Not only Japan, but the United States too is confronted with the political problems associated with weapons exports. Although it is not a topic receiving special study, we would point to the possibly destabilizing impacts of an accelerating diffusion of high technology weapons systems in the East Asian region, particularly given the patterns of conflict and "strategic ambiguities" outlined in Section III above. A case in point might be the possible introduction of the F-16A in Thailand.

The industrial-technological revolution is not simply a property of Northeast Asia. In the industrialization strategies of the ASEAN states emphasis is being given to high technology industry so as to minimize the impact of the existing lag behind the developed world. Furthermore, it is in the incipient military/industrial complexes that resources are being concentrated [topic A-12]. At least two policy issues can be raised with respect to this emphasis.

1. A high technology industrial strategy without a strong indigenous research and development base will create new demands for technology transfers and thus create new dependencies. Japan is already being pressured for transfers to ASEAN of military technologies.

2. In the developing economies of ASEAN job creation is an important social requirement relating to political stability. The capital intensive and import intensive industries that are the centerpieces of a high technology

strategy do not fill that bill. The appropriate mix between labor intensive/capital intensive industries and appropriate technology/high technology still eludes the planners and politicians.

And what of China? Can the "modernizations" be accomplished with large inputs of high technology and be consolidated without the development of an indigenous research and development capability? This means innovation of the sort that only can come from the intellectuals and scientists, the economists and the engineers. To achieve this there must be a lessening of ideological control. But that means a lessening of political control.

The question of the impact of technological change of the established political and economic institutions of the region will be one of the potent areas in terms of identifying change.

Conclusion

We began this paper by describing what we saw as the major outline of the regional political status quo. We then sought to identify some of the regional factors that had worked in the last decade to bring us to this point. We have located most of them in what we have termed the political economies of the states of the region and the structuring of an international regional political economy. It is here too, much more so than in US-USSR conflict relation, that we have looked for those factors that might make for continuity or change in the next five to ten years. In the course of the analysis, which has been explicitly based on the discussion papers, we have noted numerous issues that we would broadly categorize as opportunities or challenges for US foreign policy. At this point, however, let us offer some final generalizations.

The greatest challenge will be to formulate a comprehensive foreign policy that will be able to integrate all aspects of American interests in the

region --political, economic, security -- and will be attuned not only to the complementarities of interests but the linkages between them. Up to now, it has appeared to many of our friends and allies that our regional insecurities have allowed a particular vision of extraregionally based threat drive our policies.

Secondly, the United States economic position in the region rests on three main pillars: Japan, the Northeast Asian NICs, and ASEAN. It is extremely unlikely that China will join them in the selected time period. However, China's political importance is evident. Because of the considerations that have been detailed in the discussion papers, however, its current relationship to the United States is not assured in the future nor is the American appreciation of the China connection fully shared by our other friends in the region.

Finally, we would argue that it is the bilateral American-Japanese relationship which is essential to any coherent notion of Pacific region. It is going to be tested in the coming years, not only on economic and commercial issues between Japan and the US, but also over Japan's claim to a greater political and perhaps military role in the region. The issue, simply, put will be that of cooperation or competition.

PART TWO
DISCUSSION PAPERS

Trends in the Political and Economic Role of Native Taiwanese in Taiwan

Since the removal of the government of the Republic of China (ROC) to Taiwan in the closing stages of the Chinese Civil War, the relationship between native Taiwanese and Mainland Chinese has been a difficult and occasionally troublesome problem. The "native" Taiwanese referred to here are those Chinese who migrated to Taiwan from the Southern coast of China -- principally in the area around Amoy -- in the centuries before Taiwan was ceded to Japan as a consequence of the Sino-Japanese War of 1894-95. These Chinese settlers in Taiwan had little contact with developments on the mainland during the fifty years of Japanese rule between 1895 and 1945 and tended to consider themselves a people somewhat apart when Taiwan was returned to China at the end of World War II. Nevertheless, they generally welcomed the return of Chinese administration to the island in 1945. The Taiwanese soon found, however, that they were not to be incorporated into the Republic like other Chinese, but were to be treated as a conquered people. The government nationalized all of the Japanese-owned enterprises and many prominent Taiwanese were treated as collaborators. In a number of ways Taiwan was systematically looted by the Chinese administration, and resentment on the part of the Taiwan led finally to a revolt in early 1947. The violence was met with retaliation by the Chinese, who with reinforcements from the mainland, massacred more than 10,000 Taiwanese including many of their leaders.

From this low point began a process of long, slow, but steady improvement in relations between Taiwanese and Mainlanders, initially, at least, under the heavy diplomatic pressure from the United States. The passage of years has seen the harsh feelings abate to a considerable extent, due, at least in part, to the extraordinary economic development of the Taiwanese economy in which all citizens have participated. With a (1982) per capita income of better than U.S. \$2300, Taiwan now boasts one of the highest living standards in Asia. And an average real GNP growth of 7.5% for the years 1978-82 portends a robust and expanding economy, that is part of the Pacific region market economies. Further adding to the diminution of hostile feeling between Taiwanese and Mainlanders has been the considerable degree of intermarriage between the two groups which has tended to blur the former sharp distinctions between the earlier-arrivers and the one and a half million or so who came with the retreating KMT forces. Mortality, too, has reduced the ranks of the original group of Mainlanders, including many of the top leaders of the KMT and a significant percentage of the members of the Legislative Yuan last elected now nearly forty years ago.

Deep divisions remain, to be sure, as indicated by the 1979 Kaoshiung riot and by the continuing activities of opposition (non-KMT) factions, though it is probably not entirely accurate to regard these divisions as the traditional Mainlander-Taiwanese cleavage. Taiwanese have, in fact, become increasingly active in the political life of the island as perhaps best symbolized by the selection by President Chiang Ching-kuo of native Taiwanese Shieh Tung-min as his vice president. Taiwanese politicians are active both within the KMT and outside, and both at the national and provincial levels, though they are still proportionally much more heavily represented in provincial and local offices than in the top policy-making levels of the national government and the KMT.

The trend in Taiwan politics is, inexorably, in the direction of a continued dilution of the power of the "pure" Mainlanders in favor of the rise of a generation of leaders who are either Taiwanese by ancestry, the products of mixed Taiwanese-Mainlander marriages, or, in any case, "Taiwanese" by birth, upbringing, and historical memory. Indeed, there has already been speculation that the recent stepped-up campaign by the PRC to make the notion of reunification with the mainland more attractive may be based on a fear by the PRC that the coming death of President Chiang Ching-kuo may represent the end of the generation of Chinese on Taiwan who have a significant attachment to the Chinese Mainland. And this fear may indeed be a valid one.

Based on recent interviews with residents of Taiwan, it is difficult to detect any sentiment whatever for reunification with the mainland. One of the important questions in the years ahead, then, will be how this shift of power away from the old "Mainlander" leaders will be regarded in the PRC. Will they see the possibilities for a peaceful reunification becoming more and more dim? And if so, what line of policy will they follow toward Taiwan? The leaders of the PRC have already pointed to the recent Sino-British Joint Declaration on Hong Kong, as evidence that they are prepared to accept as a part of their political system special administrative regions with separate and different social systems. But the two cases are fundamentally different in that Taiwan exists as an independent entity with its own political leadership and its own capacity for self defense. There is not third party which can negotiate with the PRC, as did the British did in the case of Hong Kong, to return Taiwan to the mainland. The problem of reunification, then, seems to present no easy solution, as it is difficult to see what possible inducements the PRC could offer for reunification to future generations of leaders on Taiwan whose connections with the Chinese mainland are increasingly distant and remote.

This shift of power away from the old Mainlander leaders will present US policy makers with a new set of problems and opportunities as well. How will the US regard a Taiwan which is increasingly interested in the political and economic problems of Taiwan, and less and less interested in its symbolic presence as the government of all China with the ultimate, long-range mission of recapturing the Mainland? How will the friends of Free China in the United States, especially in the US Congress, regard such a development? And how would the US respond to the legal and diplomatic questions raised by a move by the leaders of Taiwan toward complete independence from the Chinese mainland?

For the leaders of the KMT then future holds interesting possibilities as well. As the cleavages between Taiwanese and Mainlanders blur, divisions remain between KMT and opposition forces. Even should the KMT become dominated at some future time by leaders who are essentially "Taiwanese" in their outlook and share none of the old "retake the Mainland" values, there is no reason to assume that domestic political opposition will lessen. The KMT will have to face the question of how to justify and legitimize its continued dominance of Taiwanese politics in the event of any significant move toward independence for Taiwan as a separate state.

Prospects and Problems in Price Reform in China

The "significance," said Deng Xiaoping of the recent Third Plenary Session of the Chinese Communist 12th Central Committee, "will go down in history." One way or another, Deng's prediction promises to be correct, for it was at this recent session that the Chinese leadership attempted to address some of the weightier problems, including price reform, which face the Chinese economy.

In the years since the death of Mao Zedong in 1976, and especially since the emergence of Deng Xiaoping as China's preeminent leader at the Third Plenary Session of the 11th Central Committee in 1978, widespread and significant changes have been introduced in the Chinese economy. Initial efforts at decentralizing the economy after Mao's death resulted in unexpected and unwanted consequences, including budget deficits, inflation and unemployment, and led to the reimposition of a greater degree of central control in 1981. Nevertheless, changes in the Chinese economic system, including the "responsibility system" in agricultural production and more flexible policies toward foreign investment in China, remain significant. Academic economists have tended to disagree on the future course of the Chinese economy with one school holding that China will remain a "Soviet-type" economy and the other projecting that China will develop into "something else," perhaps nearer to the model of Hungary or Yugoslavia. In addition to purely economic considerations, these shifts in China's economic policy are fraught with political implications which should not be ignored.

While the agricultural sector of the Chinese economy has shown surprising growth and vitality over the last several years, there remain serious problems with the urban and industrial sectors. Many of China's factories are operating inefficiently, and more than fifteen percent lost money in 1983. Subsidies to such inefficient and money-losing enterprises coupled with subsidies for consumers -- especially urban dwellers -- consumed between 40 - 50% of the entire state budget last year. It is these problems which the new economic policies seek to address. Details of the new economic reforms are not yet clear, however, and many questions remain, therefore, as to exactly what sort of price reforms will be forthcoming, how much subsidies will be cut, and to what extent central planning will be reduced.

Vague as the lengthy Central Committee decision may be, however, reform of price policy appears to be a central issue. No attention, heretofore, says the Central Committee, has been paid to the "regulatory role of the market," and the prices of many commodities, therefore, "reflect neither their value nor the relation of supply to demand." The new plan promises to "gradually redress this irrational situation." The Central Committee sees the need to "reform the over-centralized system of price control, generally reducing the scope of uniform prices set by state and appropriately enlarging the scope of floating prices within certain limits and of free prices." The Party appears to be aware of the dangers which may lie ahead -- particularly the danger of inflation -- and they therefore stress the need to reassure the people that such reforms "will never bring about a general and spiraling price rise." The new reforms, say the Chinese are to be carried out "step by step and basically to be accomplished in about five years."

Knowing almost nothing yet about the details of the economic reforms, it is useless to engage in speculation about their prospects for success or failure. There are, however, important questions which may be raised. Given the historical context in which the reforms are to take place and the known preference of many of China's leading economists for a Soviet-type planned economy, what are the prospects for true, systematic price reform in the PRC as contrasted with a policy of continuous price adjustments, and to what extent will China's leaders be willing to let prices be determined by market forces?

The notion of inefficiency or "irrationality" appears throughout the Central Committee decision as an evil to be opposed. But the question remains as to how much "irrationality" the Chinese may be willing to accept for the sake of ideological considerations or political control. Even before this new round of economic reforms was announced, some Western observers were comparing the new Chinese economic policies to the N.E. P. of the 1920's in the Soviet Union. What these observers usually fail to note, however, is that the reforms of the N.E.P. were in the end sacrificed to the more important end of Party control under Stalin. Rationality or "irrationality" therefore depend upon one's objectives. All political systems, even the capitalist systems like our own, accept some degree of inefficiency in the name of higher or more worthy goals. Is it not possible, therefore, that there may be significant political forces in China whose goals lie more in the direction of control than of efficiency or rationality? The evidence seems to suggest that there may be. We know that there has been some degree of discontent expressed among the rural cadres whose power has been diminished by the abolition of the agricultural communes and the initiation of the production responsibility system. Does the possibility thus exist that systematic economic reforms may be resisted by major groups within the Chinese polity? Professor Robert Dernberger observed at a recent conference in Taiwan that, "the pro-reform factions and interest groups (in Chinese politics) are not those ... which have traditionally played a dominant role among the top leadership." The groups he has in mind include the military, central planners, bureaucrats, provincial leaders and industrial workers. None of these groups, with the possible exception of industrial workers who merited a good bit of attention in the Central Committee decision, stands to gain much -- especially in terms of political power -- from the proposed reforms.

The prospects for systematic economic reforms in China remain uncertain, to say the least, even though the solution of these problems is central to the future of the Chinese modernization effort discussed elsewhere in Topic B-3. And one further point bears raising: it is difficult to believe that the Chinese Communist veterans of the struggles of the 1930's and 1940's fought and saw their comrades die in order that China could be turned into a bastion of market capitalism. If economic success is the sole criterion of modernization there are any number of successful models around -- none of which, however, is a Marxist-Leninist state. Will the Party in the end be willing to sacrifice control in favor of economic prosperity and the economic values which the new reforms seem to imply? And will they be willing to accept the apparently inevitable attendant social changes (discussed more fully in topic B-3) which seem to exemplify values quite different from those for which the revolution was fought? At present we have only clues and fragments, but no answers, to these questions. We ought at least to recognize the possibility that if such forces of opposition exist, the post-Deng generation of reformers may find themselves in for a tough fight.

China's Perception of the Soviet Threat

It is an indication of the fundamental changes which have taken place in Sino-Soviet relations over the years that we even pose the question of a Chinese perception of the Soviet "threat." the PRC began life with a policy of "leaning to one side" with the Soviet Union as its main fraternal comrade in a world dominated by hostile imperialist powers. The Chinese appear never to have received all of the fraternal assistance they expected from the USSR, however, and the relationship took a decided turn for the worse in the 1950's following the death of Stalin. The relationship deteriorated badly after Khrushchev's 1956 "secret speech" denouncing the crimes of the Stalin era and the beginning of a bitter campaign by the Chinese against Khrushchev's "modern revisionism."

The dispute remained essentially ideological and rhetorical until, at the height of the frenzy of the Great Proletarian Cultural Revolution, the Chinese began to fear that a deteriorating situation in the PRC might embolden the Soviet Union to cross China's northern borders to occupy Chinese territory, perhaps down to the Yellow River. Whether the USSR actually had such contingency plans is open to question, but the Chinese fear of such a possibility seemed real enough. This fear was, if anything, reinforced by the Soviet invasion of Czechoslovakia in 1968, which was almost certainly a direct stimulus to the opening of secret talks with the incoming Nixon administration in the US. The possibility for a meeting with the US president was probably scuttled by Defense Minister Lin Biao who continued to wield substantial power until at least the spring of the following year when the Chinese suffered a serious setback in its border clash with the USSR on the Ussuri River. Though Lin's power was definitely in eclipse from that point onward, serious plans for a Nixon visit to China did not go forward until after Lin's flight from China and his death in September, 1971.

China's perception of a Soviet threat has certainly not been lessened by a continuing buildup of Soviet Forces on China's northern border. The number of such troops is presently estimated at 45-50 divisions, or about one-fourth of all Soviet ground forces. These forces have been supported by a growing number of intermediate-range ballistic missiles and by Soviet Backfire bombers. Nor can the sizable and growing Soviet naval presence in the Western Pacific be a source of comfort to the Chinese. The same may be said for the increased Soviet presence in Viet Nam dating from the 1978 Treaty of Friendship and cooperation. Though much of the Soviet buildup in the Western Pacific and Southeast Asia is probably directed at redressing a perceived imbalance of power with the United States, and not at encircling the Chinese, the Chinese have viewed these developments with displeasure, if not alarm. The less-than-successful Chinese invasion of Viet Nam in 1979 was said by Deng Xiaoping to have been intended to demonstrate that China was not "afraid" of the Soviet Union. It is difficult to assess what might have been China's motives in this adventure, but whatever the objectives of the invasion, they were obtained at a fairly heavy price. It is estimated that the Chinese may have suffered casualties as high as 40-45,000 men as well as heavy losses of equipment. Whatever other motives the Chinese may have had in the Viet Nam invasion, concern with a growing Soviet presence and influence on her southern borders was certainly an important factor.

Concern with a Soviet "encirclement" was heightened by the Soviet invasion of Afghanistan, an action which the Chinese have consistently condemned. The Chinese can scarcely be blamed for showing concern over the large number of Soviet troops in a country whose border is contiguous with that of the Xinjiang Uighur Autonomous Region, an area in which the Chinese government has almost continuous problems with the majority non-Han, Moslem population.

For their part, the Chinese have met the perceived Soviet threat with a sizable buildup of their own. There are approximately 1.5 million Chinese troops in the border areas facing the Soviet Union. Anyone who has traveled in Inner Mongolia, Gansu, and Xinjiang, as one of the research team had the opportunity to do in the Fall of 1982, cannot fail to be impressed with the seriousness of the Chinese perception of a possible threat. It is difficult when traveling by train not to notice and be impressed by the enormous movement of troops which sometimes occupies train schedules for an entire month. Tunnel complexes are everywhere, and the Chinese show them with pride to foreign visitors as a demonstration of their resolve to survive an attack and to overwhelm an invader. Many Western analysts, however, are less optimistic about China's ability to defend their northwest and northeast border zones against an attack by the Soviet Union.

In spite of their apparent encirclement by the USSR, China's leaders may well be pleased with the overall strategic situation in Asia where the Soviet Union, as we observe in the "Concept Paper" appears to be increasingly irrelevant. It is perhaps for this reason in part, though not exclusively, that the Chinese recently appear to be attempting to put some distance between themselves and their new American "allies." The bilateral talks with the USSR which resumed in September 1982, have thus far produced little in the way of results, but China's relations with Russia -- both Soviet and Tsarist -- have usually changed only at a very slow and patient pace. The talks seem to indicate a genuine awareness on the part of China's leaders that it is in their best interest to ameliorate bad relations with their big northern neighbor. The resumed dialogue may also point to a desire on the part of China to stake out its own independent position in this three-cornered relationship, and may indicate, further, a fear of becoming a "pawn" in U.S. policy. The Chinese may have already voiced fears in their talks with the Soviet Union that SS-20's now targeted for Europe might be re-targeted toward China as a result of a U.S. - Soviet agreement to "reduce" these weapons in Europe rather than to dismantle them.

The question remains for U.S. policymakers to determine how the U.S. will attempt to use China's perception of the Soviet threat, and what sort of leverage China's perception of such a threat might provide for us. We must also recognize the possibility, however, that both the Chinese and Soviets may have come to the conclusion that it is the interest of both parties to attempt to reach some accommodation in their relationship, and that such a realization may eventually lead to a reduction of the state of almost permanent hostility which has existed since 1969.

The Future of Japanese Government Support of High Technology R&D

There are clear indications today of a major commitment on the part of Japanese industrial and governmental leaders to high technology R & D. This is a significant policy development representing as it does a perceptible departure from past policies and practices. It is necessary, however, to be precise about the "revolutionary" aspect of this new effort. Japanese industry has consistently allocated large amounts of money to applied R & D, especially in electronics. Japanese R & D expenditures, until very recently, have been approximately 70% from the private sector and 30% from government. This long-standing policy has provided Japanese firms with a competitive edge across a broad spectrum of finished consumer products. Japan has been essentially passive insofar as "basic" (exploratory) R & D is concerned -- until now. What is revolutionary about the new commitment to R & D is its emphasis on development of "vanguard" (high) technology and the basic science which underlies it.

In a 1981 study MITI (Ministry of International Trade and Industry) identified more than forty major, general purpose technologies as crucial to future economic growth and competitiveness. The study found that Japan was "world leader" in only nine of these technologies. Today, Japan is embarked on a strategy of achieving world leadership in considerably more than nine! The Currie Committee (Malcom Currie, Vice President of Hughes Aircraft), dispatched to Japan in 1983 by the Defense Science Board (DOD) to examine a broad range of high technology issues and to explore bases for US-Japan technology collaboration, quickly put the aforementioned nine technologies on a list of sixteen critical items. The MITI and Currie Committee studies were efforts to identify the critical "building-block components" of a new generation of technology -- "dual-purpose technologies" vital to the consumer goods and military sectors.

The United States through the US-Japan Systems and Technology Forum has indicated five dual-use technologies for priority consideration. They reflect some of the major concerns of the DOD's Manufacturing Technology Program which is charged with developing advanced manufacturing processes and techniques as well as materials and equipment: (1) gallium arsenide semiconductors -- an alternative to silicon for chip manufacture; (2) electro-optics including fiber optics for communications; (3) compound (composite) materials such as carbon fibers for replacement of metals; (4) ceramics, and (5) other inorganic, non-metallic, heat-resistant materials. Each of these is seen as a "gateway" technology the accelerated development of which will permit strategic generational leaps forward.

The impetus for the new Japanese commitment to basic R & D is rather more from industry than government. Industrial leaders have become increasingly apprehensive over the past decade about a number of trends which, should they not be addressed in terms of new and innovative strategies, would slow Japan's economic momentum and in short order would see her falling behind both Europe and the United States. There was, first of all, recognition of the fact that "high technology" and more precisely basic, exploratory R & D was an extraordinarily dynamic variable in the global economy. It was this variable which was steadily reducing the generation span in product turnover. At the

same time these industrial leaders saw the approach of "market leveling-off". The latter could be compensated for by more intensive marketing strategies only marginally. What was required to maintain market sectors and market shares was a new capacity to make generational leaps in product lines. It would not be enough to rely on "product improvement" (applied R & D) in the face of the American and European emphasis on the now clearly perceived driving factor, namely, basic, exploratory R & D. Leveling-off in GNP growth rates (3-4%), in savings rates (18-20%), and over time the possibility of reduced labor supply were additional warning flags to Japanese industry that new departures must be devised. In order to maintain the vitality and competitiveness of Japan in the international economy a historic shift in resource allocation (to basic R & D) was decided upon.

This new strategy will involve not only the "top ten" industrial firms in Japan, but as one writer has put it "an army of lesser firms" as well. It is not at all likely that these firms will be executing anything like a comprehensive master plan. Decisions concerning exploratory R & D will be on a firm by firm basis for the most part. The extent of the involvement of the Japanese government in such matters tends to be exaggerated. That is not to say, however, that the role of public sector agencies is not a critical one. MITI's use of "administrative guidance" and its adroit use of loan provisions in the law to support ("subsidize") targeted industries (or sectors of industries) sends vital signals to the private sector. In tandem, MITI will commit one hundred million dollars to computer firms and an additional four hundred million to the fifth generation project, and Japanese semiconductor firms on their own volition will raise their R & D expenditures eighty percent in one year (1983-84).

There are some real and immediate constraints. Japan does not have a significant science manpower base. In particular it lacks the systems engineers essential to the creation of large, full-scale systems such as aircraft. There are not likely to be such total system efforts in the near future. Japan will seek to "buy-in", settling for a share of such projects and markets. Electronics continues to be seen as the driving factor in Japan's quest for continuing economic vitality. Underlying the new commitment to exploratory R & D are the military implications. In the final decade of the century Japan will be on the leading edge of military technology. [Reference topic A-6]. Sharing arrangements will be at the heart of the US-Japan Security Treaty.

Japanese Defense-Related Industries and Their Impact on Japanese Policy and on US-Japan Defense Relations

The "arms allergy" of the Japanese growing out of the experience of World War II (and subsequently enshrined in the Japanese constitution at the behest of the United States) was given additional codification in 1967. At that time three "anti-principles" which have served more or less as policy guidance since were set forth:

1. no export of arms to communist countries
2. no export of arms to countries under UN embargo; and
3. no export of arms to countries where international conflicts are in progress or likely to break out.

A decade later the then prime minister, Miki, broadened the export ban to include equipment "related to arms manufacture". The Ministry of Foreign Affairs, always diffident if not deferential where the United States was concerned, was not enthusiastic about the Miki codicil. In recent years, displaying a fine sense for legal distinctions, it has sought to find an exception in the American case given the existence of the Security Treaty.

Impetus for reconsideration of the ban on arms export (and of Japan's military status generally, for that matter) does not come simply from the government. The major thrust has come from within the ranks of the corporate sector in particular from that element now identified as the boei-zoku -- the defense tribe. All along, no doubt, the least stringent aspect of Japan's "arms allergy" has been the ban on arms export. This particular example of self-abnegation had not posed any economic strain in a period of export growth. Since the late seventies, however, this issue has been addressed. At this point when the signs of market-leveling (which we take up in Topic A-5) were unmistakable, the burgeoning defense sector of Japanese industry began to raise questions about the wisdom of self-denial. It was also clear at this point that, for better or for worse, international arms transfers constituted a major growth sector in the global economy. Japan as a leading international trader excluded from a dynamic sector of that trade by its own actions, was thought by many in Japan to be something more than an interesting anomaly.

Spokesmen for a perceptibly growing defense industry (seemingly growing faster yet is the number of "business associations" concerned with defense issues) are quick to weave into their developing argument references to growing Soviet military activity in Northeast Asia. But this is not the centerpiece of their concerns. They are making a more fundamental (and more candid) argument that Japanese industry simply not be left behind in an increasingly competitive global economy. Attention is directed particularly to the question of "dual-use technologies" (which is to say equipment related to arms manufacture) and to the neglect of basic, exploratory R & D in Japanese industry. The thrust of the boei-zoku converges with those arguing for a Japanese commitment to basic science and technology. There is keen awareness that the divide between high technology for consumer goods and high technology for weapons systems is narrow and easily bridged. An industrial-governmental consensus is rapidly developing that Japan must push the frontiers of "dual-use technologies" and that, moreover, she must export such technologies in order to remain a viable economy.

Against this developing consensus a number of conventional arguments continue to be made suggesting, among other things, that the political undergirding of this consensus is not yet complete:

1. There is a simple and straightforward "pointing with alarm" to the rearmament of Japan.
2. There is a strand of thought that simply downplays Japanese capabilities in the realm of high technology ("well organized for applications but poor on innovations.")
3. Any diversion of resources to the defense sector will be wasteful and hurt competitiveness ("weapons systems specifications are less demanding than for consumer goods"); and
4. The US will use dual technologies for commercial purposes.

Clearly, where the question is one of arms and arms export one has a political question, its major economic components notwithstanding. In the final analysis it is not a question that will be resolved in terms of Japan's trade balance.

The problem is in fact today a central issue in the maturing US-Japan security relationship. It is in this light that its various aspects must be examined. Since 1969 and the "Guam Doctrine" enunciated by President Nixon the United States has sought in various ways to redefine the security relationship with Japan. The American effort for a variety of reasons has not been wholly successful. At no point since 1951, however, has it been quite so crucial for the United States to fully delineate its position as at the present juncture when our Japanese partner has momentous decisions to make. We suggest in another discussion paper that increasingly defense policy issues are the prerogative of an extensive bureaucratic network in Japan and less and less within the purview of "politicians" (for whatever problems that might create over time). There will be little point in our attempting to influence this bureaucratic process if there is not both greater clarity and greater conviction on the US side about the future direction of the security relationship. Are we prepared to move it into a new generation of maturity?

The broad policy issue reduces to specific and difficult questions. If the Japanese commitment to high technology on the one hand and a growth of the defense sector of industry on the other require "economies of scale" that can only be realized through export of equipment related to arms manufacture and arms themselves, what position are we prepared to take? Can we give greater definition to where we want Japan to make defense expenditures as opposed to how much we want her to spend? For example, on the question of what kind of a Japanese navy we should like to see by the end of the century, would it not be useful to have a fuller, public discussion in order to develop the necessary political undergirding? Not the least of the specific questions is the nuclear question. Japan, currently, is developing a complete nuclear fuel cycle. It has come to the forefront in reactor technology (if only because they weld!!). It is on the leading edge in fast breeder and fusion technology. It is casting about for joint ventures to export "equipment" across the entire cycle. Where do we stand?

The Outlook for Japan's International Role

The theme that economic breakdown led to Pearl Harbor is not uncommon in post-World War II Japanese scholarship. The depressed condition of the Japanese economy at the end of the twenties, the added deflationary effect of the upward revaluation of the yen in 1930, and the further contraction of international trade after 1931 are frequently cited as having led inexorably to war a decade later. What is significant about this line of argument is not whether it provides an objective account of the causes that led to war in the Pacific but the salience of international economic factors in the makeup of Japan's outlook towards the rest of the world and in the formation of its international posture. What is striking about the argument for all of its convolutions is the tight linkage between Japanese economic well-being and Japanese nationalism. Implicit in this argument is the arresting hypothesis that the trigger of Japanese nationalism is to be found in the workings of the Japanese economy. Muting all of this somewhat is a parallel contention that while the Japanese nationalist impulse is "isolationist" Japan can ill-afford isolation; economic growth demands an international outlook. Nonetheless, there is the implication that a people accustomed to the benefits of a thriving economy may prove volatile in the face of significant economic disruption.

It detracts not at all from the domestic factors which have contributed so greatly to the Japanese "economic miracle" to point out that international factors have played a crucial role as well. The absolutely vital function of a compatible international environment and, in particular, the "special relationship" with the United States in the early postwar years are not adequately portrayed in many explanations of Japan's startling economic success. The "economic miracle" has two foundation stones -- one internal and one external -- and in a very real sense consists of the fortuitous conjunction of the two. The composition and magnitude of Japan's import-export flow, the high stimulation of exports, the concentration of export industries, her reluctance on such matters as yen revaluation and "liberalization" all bear on whether Japan can better "...associate her interests with the smooth functioning of the global economic system". Each of these is a complication in the US-Japan relationship. Much of the euphoria of a decade ago which envisaged Japan as "Number One" by the end of the century was misplaced precisely because it failed to give due account to the international foundation stone of the miracle.

The international environment of the 1980s and the question of Japan's global role are at least as challenging as half a century ago. There remains today the suggestion that "there is in Japan no sense of her mission or her role in the world". At the same time, however, there is basis for the view that political lassitude is no longer seen as an affordable luxury in Japan. If there was a notion that Japan had the extraordinary opportunity to significantly affect the structure and substance of international relations by dint of economic power alone the evanescence of that notion is today apparent. A Japanese scholar offers the interesting comment that "... standing in international politics is not something to be provided [emphasis ours] and it is only by extending her activities beyond purely economic ones that Japan will achieve such a position".

In any consideration of the options open to Japan today there are two in extremis possibilities which need only be mentioned in passing:

1. Japan can simply "allow her destiny to drift", or
2. Japan can by a kind of metamorphosis embark on a wholly "autonomous course".

Such unilateral options are not to be dismissed out of hand where a sometimes unpredictable people is concerned. Implicit here is an assumption that "... it is difficult for Japan to find an identity with other countries, [that] she has no natural partners". Actually, it can be argued that Japan has a basic penchant for a close, bilateral relationship particularly with a "senior partner" which today makes the US connection the centerpiece of its foreign policy. Pursuing this line of argument the question of whether Japan turns inward or begins to define a sharper political profile on the global stage is a function of the US-Japan relationship. The strengthening of US-Japan ties is critical to an enlarged Japanese role in the world and, conversely, a deterioration in this relationship is likely to lead to nationalistic, in extremis options on Japan's part.

Japan's economic success notwithstanding the nation has a strong sense of her vulnerabilities which produces a psychology of insecurity. This psychology must be addressed frankly and directly in working towards a mature US-Japan partnership. In another discussion paper we suggest that there are strong internalization tendencies at work in Japan today. At stake is whether Japan's political and business leaders will grasp the requirements of security in this age. Will they come to appreciate the inextricable relationship of economic, political, psychological, and military factors of the global agenda? It might be regarded as extraordinary if such an appreciation of contemporary international relations was not to be found in the most vulnerable of all advanced industrial states. Yet there is present here as well a significant American responsibility.

Leadership and Economy In Vietnam

By almost any economic measure that can be quantitatively presented, Vietnam is in relatively very poor condition when compared to the vibrant, burgeoning economies of ASEAN. Its per capita income of \$160, only \$20 more than Bangladesh, is just a quarter of Indonesia's, the lowest in ASEAN. Its 1982 GNP of \$9 billion was a quarter of Thailand's. Although real growth rates are difficult to estimate, it would appear that from the flat or negative growth of the late 70s, increased agricultural productivity has established positive rates but still well behind those in ASEAN. Its external economic relations are those of a beggar nation. Its external debt reached \$6 billion in 1983: \$4.5 billion to the socialist bloc and 1.5 billion in convertible currency accounts, primarily Algeria, Libya, and Japan. Its convertible currency debt is in arrears with nearly 1/3 of it requiring rescheduling. In terms of current convertible currency earnings, the debt service ratio is about 100 percent. The SRV's economy is maintained at its low level of performance only by massive inputs of Soviet material and financial assistance, variously estimated at 2 to 4 million dollars a day.

Vietnam was fully integrated into the socialist bloc in June 1978 by its membership in the Council for Mutual Economic Assistance. The basic framework for Soviet-Vietnamese bilateral economic relations is the ten year economic agreement signed in conjunction with the November 3, 1978 Treaty of Friendship and Cooperation. The terms of this, together with a web of corollary coordinating and project specific agreements, has had the effect of making Soviet economic assistance the most strategic element in Vietnamese economic planning. In the name of rationalization and efficiency, Soviet experts have penetrated all sectors of Vietnam's economy. The commitment to Vietnam has been at some economic cost to the Soviet Union and restraint has been noted in the USSR's eagerness to make new commitments. It is, of course, the non-economic considerations of the political stake the Soviet Union has in the future of the fraternal Marxist-Leninist regime that drives the relationship. As Le Duan, Vietnamese Communist Party General Secretary, told the VCP's Fifth Congress in 1982: "Firm and solid cooperation with the Soviet Union is the unshakable cornerstone of our policy." An examination of the dependence of Vietnam on the Soviet Union will also seek to illuminate potential frictions that might develop, both as between Vietnam and the USSR and within the Vietnamese elite over the issue of nationalism as opposed to the political costs to Vietnam of the Soviet presence, particularly in its military manifestations.

The constraints on the Vietnamese economy are many: external as well as internal; political as well as structural. Some analysts would argue that any significant upturn in Vietnam's economy in the intermediate range future will require a political settlement of its war and occupation of Kampuchea. In the first place, Vietnam's nearly six-year involvement in Kampuchea -- the invasion, the occupation, and the continuing low-intensity war -- represents an unproductive deployment of its scarce resources. It is a real case guns or butter argument. This is the essence of the PRC rationale of "bleeding Vietnam white" in Kampuchea so that it will remain a weak and impoverished regional political actor. Leaving aside the possibly politically counterproductive ramifications of such a strategy -- driving Vietnam even

more deeply into the Soviet embrace, alternate analyses would suggest that the direct economic costs of Vietnam's campaign in Kampuchea are not that burdensome. It is the indirect costs of denial of access to western sources of capital assistance and investment, as ASEAN has mobilized its friends to economically sanction Vietnam, that has, perhaps, been more damaging to Vietnam's economy. Few would disagree with a Soviet analysis (TASS) that Vietnam is in great need of peace because, "only with the restoration of such a peace can the SRV laboring people devote all their human and material resources to resolving Vietnam's economic and social problems and accelerating its progress along the socialist path."

The economic policy questions facing the leadership of the VCP is where that "socialist path" will lead them in its branches and turnings: to economic development through the rational deployment of resources and employment of rewards or low-level stagnation in the name of socialist purity. Vietnam's explicit model is the heavy-industry based Russian socialist economy. Theoretically for Vietnam to achieve this, it must unprecedentedly, in Marxist-Leninist terms, move from small scale production to large scale production while bypassing the capitalist stage in a society where only a minority belong to the working class and a majority to the peasantry. Uncritical application of the Russian model created an economic disaster in the late 1970s. However, since 1979, with fits and starts, Vietnam has practiced the "creative application of Marxist-Leninist principles" to the reality of the Vietnamese situation, which translates to mean stimulate agricultural production.

Since the September 1979 Sixth Plenum of the VCP's Central Committee, Vietnam has successfully adapted to the structural realities of agriculture and the market by introducing new, flexible patterns of planning and incentives. This "liberalization," although ideologically contentious, was accepted and furthered by the delayed 1982 Fifth Party Congress. Despite continuing opposition from elements in the Central Committee, it was reaffirmed in full measure in the July 1984 Sixth Plenum. It was Le Duan who carried the day in support of the pragmatism of the planners led by Vo Van Kiet, Director of the State Planning Commission. At the core of the policy is the stimulation of agricultural production by "economic contracts" through which the production unit (cooperative or collective) cultivators agree to set output quotas from their plots. Any surplus is theirs to dispose of -- in the free market (currently about fifty percent of all transactions in Vietnam) if profitable -- but, from the government's point of view, preferably to the state. This has, of course, great implications for pricing policies and the subsidization of prices for government servants and urban dwellers. Inverting the terms of the well-known motto -- from each according to his ability, to each according to his needs -- the Vietnamese leadership states that working according to one's ability and receiving "distribution" [i.e. income] according to one's labor is the fundamental socialist principle, categorizing egalitarianism as an "erroneous trend."

Similarly, the leadership has attacked the problem of low productivity and inefficiencies in other sectors as well. They have emphasized the need for better planning and management. In a pattern of decentralization, more rational district units have been created for the more efficient use of resources and, hopefully, more initiative and creativity from workers and management in state enterprises. They also are paying great attention to the bottom line, emphasizing good business practices and profit and loss

accounting. It is known that many of the state enterprises are organizationally weak, with poor internal work discipline and little inventory control. Corruption is a recognized problem for the party at the grass roots level. The Fifth Party Congress directly addressed these issues. The chronic problem of party weakness at the production unit level is again the subject of a new set of party directives in 1984.

Naturally, these reforms are not without their critics. New income differentials have appeared as farmers have benefited the most. Opponents have attacked the programs as a "rightist" capitulation to privatism, thus a turning away from socialism. Furthermore, by making production decisions a function of a bargaining process between the producer and the state, the role of the party is diminished. The issues are not dissimilar to those raised by opponents of the new line in China [reference Topic A-2]. Obviously lines are drawn within the 152 member central committee and its 14 man politburo. Although we know that Le Duan is the leading member of the pro-reform forces and it appears that Truong Chinh, Chairman of the Council of State, is an oppositionist, we know very little else about the internal decision making process. In particular, it is not clear how functional or bureaucratic interests are represented or balanced in the senior elite circles. Moreover, we can only speculate, without hard information, on the impact of generational change on the elite. Like China, Vietnam is a gerontocracy whose days are numbered.

In looking to Vietnam's economic future, then, two important (but as yet unresolvable) questions have to be asked. What will the prospects be for Vietnam in a post-Kampuchean war environment in which relations between ASEAN and Vietnam are normalized and Vietnam has access to Western trade and aid? Secondly, will Vietnam maintain the present reformist economic policy or will internal/external pressures and contingencies force it again into a rigidly socialist mold? The answers to both will effect the way in which Vietnam relates to the USSR and the US.

Brunei, Sarawak, and Sabah

The independence of Brunei in January 1984 focused attention on the politics and international relations of the political units on the Borneo eastern littoral of the South China Sea. The decolonization of the former British protectorate while perhaps closing one window of vulnerability in this geostrategically and energy resource abundant region poses some new (or in other cases reopens old) issues that have a destabilizing potential. The presence of an independent, rich, and royal Brunei, a territorial enclave around Brunei Bay wedged into Sarawak, has not only bilateral implications for Brunei and Malaysia but impacts as well on regional relations through ASEAN and as it adds a new actor to maritime jurisdictional competitions. Furthermore Malaysia's policies with respect to the new external environment will affect its domestic federal transactions. The South China Sea is geostrategically important to the United State, and ASEAN is politically important. Alterations in existing patterns of internal and international state behavior in the region are of interest, therefore, to the United States.

Although the long period of hostile relations between Malaysia and Brunei, dating back to political events in the 1960s, has been repaced on the surface at least by new warmth and cooperative gestures -- cemented by common bonds of language and Islam -- seeds of future disruptions in Brunei-Malaysian bilateral link exist. There remain unresolved territorial and jurisdictional claims: Limbang (Sarawak's Fifth Division), continental shelf, and EEZ claims. Malaysia's hesitatingly gradual curbs on its traditional monarchs contrasts sharply with Brunei's royal authority. If Malaysia seeks to bring an unwilling Brunei into Kuala Lumpur's orbit the nature of Brunei's ties to Indonesia and Singapore become relevant. These two states, for different reasons, have an interest in a politically autonomous Brunei.

Malaysia's strategic interests have been emphasized by the 1984 conversion of the island of Labuan into a Federal Territory. It will become the eastern bastion of Malaysia's security system. This is viewed as enhancing Malaysia's strategic position vis a vis its overlapping EEZ claims with Vietnam and in defence of its disputed territorial claims in the southern part of the Spratley Islands. At the same time, Labuan commands the entrance to Brunei Bay, and the new federal presence there may not be wholly unconnected to Brunei's independence. Part of Malaysia's plan to site major industrial projects on Labuan may be a response to the economic inequalities between Brunei and Malaysian state neighbors.

The new importance that Kuala Lumpur assigns to its strategic presence in East Malaysia overlaps a longer process of creeping federalization of regulatory and service activities that formerly were in the jurisdiction of the Sarawak and Sabah states. This erosion in "states rights" has been due in part to the costs of infrastructure development as Malaysia seeks to reduce regional economic inequalities through the placement of industry. It is also an outcome of the internal dynamic of the centralizing bureaucratic tendencies of the current Malaysian regime. This process will probably accelerate as a response to concerns about Brunei's function as a magnet or model of state disintegration in an imperfectly integrated federation.

Contemporary manifestations of instability in the internal political ordering of Sarawak can be seen in the mid-1983 emergence of the Partai Bansa Dayak Sarawak (PBDP), a breakaway group from the multi-racial Sarawak National United Party (SNAP). SNAP had provided the basis for Dayak representation in the National Front government of Sarawak. The Dayaks, the indigenous population of Sarawak, compose between 40 - 45 percent of the population. They are largely rural and remain economically and socially the most disadvantaged in comparison to the Chinese and Malay segments of the population. The creation of the PBDP as an ethnic party was the hand work of a younger generation of educated Dayaks. Although it split the Dayak vote with SNAP in the 1983 state election, the PBDP represents a new ethnic challenge to Malay centralization. The debate on the 1984 state supply bill (budget) brought sharp criticism of the quality of federal-state relations and led Sarawak's Chief Minister to urgently stress the need to speed up the total integration of the state with Peninsular Malaysia.

The problem of Sabah's integration into Malaysia has existed ever since Tun Mustapha brought the former British North Borneo into the Malaysian Federation 21 years ago. Tun Mustapha ran Sabah through his United Nationalist Sabah Organization (USNO) as a private fiefdom touched only lightly by Kuala Lumpur. His lever was an implicit background threat of secession. It was to end Tun Mustapha's pretensions that Kuala Lumpur blessed the accession to power of the Berjaya party, now lead by Chief Minister Datuk Harris Salleh. The strains continue to exist, however. In a surprisingly revealing statement on the occasion of the cession of Labuan to the federal government, Datuk Harris said: "To ensure that no secession attempt is made either in Sabah or elsewhere . . . an immovable federal presence in this part of our nation is necessary." Complicating the Sabah political scene is the destabilizing presence of numbers of Moslem refugees from the Philippines [reference Topic A-16].

Another challenge to the internal politics of Malaysia as well the regional political order will be in the responsiveness of Brunei's royal, absolutist, and economically privileged autocracy to demands for social and political change. The pressures for change will be inevitable as the secular forces of modernization erode the traditional underpinnings of the political system. Any future radical national challenge will probably originate in the new generation of foreign educated Bruneians who have acquired not only the job and professional skills of a modern society but aspirations based on the values of achievement and participation in decision making. It is from the thousands of future technocrats and managers that demands for a more liberal regime might arise. It is certainly not impossible, given recent history, that radical politics could have a spill-over effect not only into the Malaysian Borneo but Indonesia as well.

The ethnic factor is also a source of potential instability in Brunei. Thirty percent of the population is Chinese. By the application of stringent nationalization laws citizenship is denied to the great majority. The lack of citizenship becomes a legal bar and closes as well a number of economic doors to the resident Chinese. There is no indication that the government intends to liberalize its policies towards this segment of the population. Institutional discrimination could stimulate unrest among young educated Chinese and lead them into forms of opposition politics. The question of PRC contacts and interests might come in here as well as the impact on the Chinese communities in Sabah and Sarawak. Ethnic pluralism in Brunei is exaggerated

by a large foreign work force, perhaps as large as one third of the total labor force.

Finally, Islamicization in Brunei could prove divisive. To the degree that Brunei is defined as an Islamic state and Islamic law and custom is instituted, other groups in the plural society will be offended. Moreover, as the monarchy resists the more extreme demands for Islamicization, seeking to reconcile religion to the ongoing forces of secular modernization, it opens itself up to attack from fundamentalists. Conversely, successes by traditional Islamic elements in Brunei could have a demonstration effect on their co-religionists across the borders [reference Topic A-16].

The official name of Brunei is Negara Brunei Darussalam (Abode of Peace). Factors making for both domestic and international strife, however, abound in its region. An examination of these factors on what in terms of political analysis is an often neglected shore of the South China Sea is particularly warranted in light of extraregional powers' interests, ambitions, and activities.

Evolving Southeast Asian Perceptions of the Pacific Basin Proposal

It has become almost commonplace to claim that measured by economic growth the 21st century will be the century of the Pacific, a view explicitly endorsed by President Reagan as he inaugurated the U.S. National Committee for Pacific Economic Cooperation on September 18, 1984. This acknowledges the vitality of the developed economies of Northeast Asia and the developing economies of the neocapitalist countries of the Association of Southeast Asian Nations. While part of the global market economy, the emerging pattern of trade in the last decade delineates a regional Pacific system of economic interdependencies with dual Japanese and American centers. Most projections indicate that these economic interdependencies will become even more pronounced in the future.

The fact of intensifying economic interactions of like-minded states has led to proposals for more structured forms of regional economic cooperation in the Pacific. Whether it is called a "Pacific Basin proposal" or a "Pacific Economic Community," the idea of explicit regularized forms of regional cooperation seeks to give greater coherence and ultimately functionally greater integration to the existing arrangements of trade, finance, and development. This will naturally have a political dimension and realistically, although the subject tends to be avoided, security implications. The idea that this new Pacific frontier of growth and development can be promoted through some kind of associational community is an attractive theme that has won public endorsement in the policy elites of Japan and other "developed" Pacific basin states. It is recognized that without the participation of the ASEAN states a new multilateral Pacific framework would be incomplete, if not infeasible. It is in the policy elites of the ASEAN states, however, that the greatest resistance to the notion is located.

The impetus for a Pacific Community originally came from Japan. Professors Kiyoshi Kojima and Kurimoto Hiroshi proposed in the mid-1960s a Pacific Free Trade Area. This was adopted by Japanese Prime Minister Takeo Miki in his 1967 "Asian Pacific Policy" which was partially implemented in the series of Pacific Trade and Development (PAFTAD) Conferences which continue to meet. Private enterprise engagement came in the Pacific Business and Economic Council (PBEC) which was founded in 1967 and meets regularly. Strong Japanese support for a Pacific Community was the hallmark of successive Japanese governments. In 1980 Prime Minister Ohira appointed a study group chaired by Saburo Okita that concluded that regional economic relations had to be complemented by other forms of cooperation for enhanced mutual understanding. Otherwise, the pace of economic interaction in the absence of broader cooperative structures might lead to misunderstanding and friction. This became the basis for Ohira's Pacific Basin initiative. A premature scheme to institutionalize the idea came in the 1980 proposal for an Organization for Pacific Trade and Development (OPTAD) made in a report by Peter Drysdale and Hugh Patrick to the US Senate Foreign Relations Committee. The OPTAD model was the OECD. Despite the fact that OPTAD was an idea before its time, it gained great attention.

In September 1980, a new series of Pacific Economic and Cooperation Conferences (PECC) began in Australia. For the first time, in PECC government

officials from the regional states have been involved with their private counterparts in an (informal) attempt to form a consensus on systematic arrangements for multilateral consultations on economic issues. The PECC format was given continuity by the establishment of a Standing Committee and Task Forces with specific responsibilities. The PECC approach since the Bangkok Conference of June 1982, has been to develop recommendations for regional cooperation in investment and technology transfer; trade in manufactured goods; trade in agricultural products; and trade in mineral commodities including energy. Although without official standing, the PECC process has created a multinational network of institutions and individuals working in the interests of a Pacific Community. The question is, of course, whether the informal consultative multilateral dialogue can be institutionalized at a formal, governmental level.

So far the governments of the ASEAN states have responded in unofficial ways negatively to the Pacific Community concept, even though some of their nationals are caught up in the PECC process. The ASEAN nations' reluctance to endorse the proposal is the result of complex perceptions of how their national interests as well as their associational interest in ASEAN would be affected. While the asymmetries in ASEAN's economic relations with its major trading partners still dominate, the ASEAN system is developing as a coherent diplomatic structure to maximize the ASEAN voice as it seeks to wring tangible economic benefits, concessions, technology transfers, etc., from Japan, the United States and the other industrialized nations with which it dialogues. One ASEAN concern is that this voice would be diluted in an multilateral economic arrangement that would be either (1) too encompassing in terms of membership or (2) would supplant ASEAN as the point of economic contact of the developed states of the region. At the bottom the concern is that a Pacific Community or Pacific Basin structure would perpetuate the existing inequalities in a system dominated by the economic superpowers.

There is also concern that any system of expanded multilateral cooperation would carry with it an implicit political framework. That framework is perceived in ASEAN to be a security system underpinned by American power. ASEAN has resisted the global politicization of its image; rejecting any strategic linkage between US allies in Northeast Asia and ASEAN [for a discussion of ASEAN strategic perceptions see Topic B-1 and B-2].

The ASEAN nations are not unaware of their interdependencies or the benefits to be derived from cooperation. They feel, however, they can maximize their interests by maintaining their group identity and coherence. They have in recent years, however, been pressured to give some new substance to their international identity beyond the political solidarity of the Kampuchean crisis. Furthermore, they do not wish to be typed as the naysayers to cooperation. It is in this context that the 1984 expressions of a new ASEAN consciousness of the Pacific must be understood. ASEAN has accepted that the post-Ministerial Meeting dialogues with its five Pacific partners (the six plus five dialogue) should include an annual exchange of views on Pacific trends. The endorsement of a human resources development program has been described as a significant step towards greater Pacific cooperation. Indonesia is now wrestling the problem of translating the very vague notion of human resources development into an operational plan for adoption at the next ASEAN Ministerial. Indonesian Foreign Minister Mochtar went out of his way to emphasize that these two new areas of activity did not represent new forms of ASEAN regional interactions. In the most specific

language to date, Mochtar sated that: "We do not intend to adopt the Pacific Community idea."

A future possible ASEAN alternative to the Pacific Community proposal is that most clearly articulated by Singapore which sees Pacific cooperation best approached by strengthening existing regional groups such as ASEAN and the South Pacific Forum and the possibly other groupings. Already ASEAN's Pacific mindedness extends to the smaller nations of island Pacific. The concept of human resources development fits into Malaysia's and Indonesia's well established policy of furthering economic, technical, and trade ties with the South Pacific. The existing arrangements might be followed by the creation of other regional sub-groupings in the future and the establishment of links between sub-groups such as between ASEAN and its dialogue partners. As the regional groupings become economically stronger and the wide disparities both within them and between them are reduced then, perhaps, the right environment for the market economy states of the Pacific Basin to group together in some form of regional organization will exist.

Topic B-1/2(a)

The US and the USSR as Viewed from ASEAN:
Equivalence? Equidistance? Alignment?

The departure point for an analysis of the impact of interactions of the superpowers in Southeast Asia on the political, economic, and strategic perceptions of the regional states associated in ASEAN will be the fact of a considerably enhanced Soviet military presence in the region resulting from both the growth in its Pacific fleet and new capabilities for power projection from facilities in Vietnam. Although the USSR has linked its presence in Vietnam to both the American military presence in Southeast Asia and the confrontation between ASEAN and Vietnam over Kampuchea, an initial assumption in this study is that, notwithstanding internal developments in Vietnam [Topic A-10/11] or the progress of the Sino-Soviet normalization talks [Topic A-3], this new Soviet military presence is not a transitory factor in the regional distribution of power but will become a permanent and probably incrementally growing feature of the structure of Southeast Asian security. The policy relevant questions to be addressed are:

- (1) Will the Soviet Union be able to translate its military position in the region into greater political influence?
- (2) How will the ASEAN states relate to this new Soviet presence?
- (3) How will this the Soviet presence impact on US-ASEAN relations?

An answer to these questions must also necessarily involve an analysis of ASEAN's perception of China's regional role and the way in which the two superpowers are viewed in relation to the PRC. It is spillover into Southeast Asia of the workings of the USSR-PRC-US triangle in Northeast Asia that has created some elements of strategic ambiguity on the part of the ASEAN states.

Each ASEAN capital (and different interest groups within each ASEAN elite) has unique perspectives of its relations with extraregional great powers based on its own history, political values, geography, and other inputs into national foreign policy orientations. On the basis of extensive interviewing and the public record, there is a basis to state that there are some shared elite attitudes and opinions about which generalizations can be made relevant to the issue of superpower relations. These reflect in the first instance a geostrategic vantage point quite different from that of the United States. Put quite simply, in their regional identity -- as opposed to the US's global identity -- the Soviet Union appears much less menacing to ASEAN than it does to the US.

The ASEAN leaderships tend to view the Soviet Union's military presence in the region in terms of the US-USSR global strategic relationship and therefore not directly relevant to their security concerns, which they continue to identify as primarily internal. The remoteness of any kind of immediate Soviet threat in the ASEAN area is a point of view that Soviet diplomats in the region try to reinforce as they link their activities to the US presence. The logic of this argument is that if the Soviet military presence is a function of the US-Soviet political/military confrontation then

the local states' interests might best be served by not being drawn into the confrontation. It can be demonstrated that ASEAN and the US do not share the same threat perceptions, which helps to explain their generally negative reactions to American sponsored calls for joint efforts to block Soviet expansionism.

ASEAN's relatively relaxed posture towards the USSR stems in part from its perceptions that the Soviet Union has neither any real areas of opportunity nor significantly vulnerable political targets in the region. The ideological dimension --the Soviet Union as a communist revolutionary force -- tends to be dismissed. ASEAN leaderships find it difficult, if not impossible, to construct realistic scenarios in which Soviet military power is deployed for local, Southeast Asian centered interests, except, perhaps, in the defence of Vietnam. Basically, Soviet forces face either the US or China, not Southeast Asia. Some civilian intellectual segments of the ASEAN elites would go so far as to dismiss the American argument that US policies in the region are designed to maintain an Asian/Pacific balance of power on the grounds that the US has a preponderance of power. Soviet behavior then is seen as a superpower ordinary as it seeks to promote its own great power interests in a region in which not only the US, but also Japan and China are actors. From this point of view, which ultimately is not controlling one in the civilian/military decision making complexes, it becomes natural that the Soviet Union would attempt to overcome its regional inferiority. It postulates an essential functional equivalency between the US and USSR as each seeks to accumulate power to countervail the other. A gross example of this is the equating of the new Soviet facilities at Cam Ranh Bay and Danang with the US bases at Subic and Clark Field.

In narrow military security terms, then, given the strategic equation and its regional manifestation, significant members of ASEAN elites will argue that the best political choice is not to become involved in the global security arrangements of the great powers. One effort to remain aloof from the great power struggle has been the promulgation of the ideal of Southeast Asia as a Zone of Peace Freedom and Neutrality (ZOPFAN). In its original form it was an indigenous reaction to the nebulous but intrusive Soviet collective security scheme of the early 1970s as well as an adaptive response to what was seen as a diminution in the US presence in Southeast Asia. Currently it proffers a normative framework for the peaceful integration of Indochina in a Southeast Asian regional order in which the security links to extraregional powers would be attenuated. The ZOPFAN ideal has been reinvigorated with the active promotion of the idea of an ASEAN nuclear weapons free zone as an initial step towards a ZOPFAN by ASEAN's current Chairman of the Standing Committee, Malaysian Foreign Minister Tengku Ahmad Rithauddeen. Other ASEAN governments have agreed to a study of the issue, with varying degrees of enthusiasm. Indonesia's reception of the Rithauddeen initiative has been the warmest. It should be remembered that it was from Indonesia's then armed forces commander Gen. Panggabean that the idea of nuclear free was added to the ZOPFAN after the post-Vietnam war drawdown of US forces from Southeast Asia. The idea of a nuclear free Southeast Asia has great popular appeal. ASEAN elites are conscious of changing policies with respect to nuclear weapons questions in the countries of the South Pacific Forum.

ZOPFAN is a declaratory policy and is not self-implementing. It is the symbolic expression of the desire for regional independence from great power conflict. Furthermore, the chances of a rapid region-wide adoption of a

nuclear free profile seem remote. It cannot be ruled out, however, as a possible future alternative to the status quo, particularly if Indonesia should incorporate it as part of its extensive claims to maritime jurisdictions. Realistically, however, Southeast Asia cannot isolate itself from the strategic concerns of the US and USSR, nor impose upon them its own strategic vision. If the countries of ASEAN cannot be independent of great power politics, they at least can try to position themselves so that they do not become a strategic ally or enemy of either superpower. The rhetoric of nonalignment is being translated into the politics of equidistance. Given the historical development of relations with the US and the USSR, in practice, equidistance in terms of ASEAN states' behavior means in many cases improving relations with the Soviet Union.

The expansion of trade and commercial opportunities with the Soviet Union is sought by all of the ASEAN states. Although the prospect for truly significant growth in economic exchange is limited by the structure of the Soviet economy, the market preferences of ASEAN, and the well-established trading and financial patterns of ASEAN, both sides welcome the development of new ties in both their economic and political function. ASEAN is pressed to import more from the Soviet Union to partially redress the balance of trade. Secondly, ASEAN seeks to demonstrate alternative commercial choices to Western partners deemed insensitive to ASEAN's grievances about the terms of trade and protectionism. ASEAN's new openings to the Soviet Union find political rationalization in the notion of equidistance. The Soviet Union will seek to use new economic access to enlarge political access. One area of political access that does exist is in the ASEAN perception that the Soviet Union holds one set of keys to the unlocking of the Kampuchean crisis. It is not expected that this key will be turned unless the resulting regional environment is viewed as not being inimical to Soviet interests. Confrontation with the Soviet Union is to be avoided. ASEAN - Soviet consultation on this question, while not yet apparently moving any closer to solution, has been intensifying. One element of the study, then, will be an examination of the growing new network of ASEAN-Soviet political and economic relations that can be demonstrated for each ASEAN country (with the exception of Brunei) and what this means in terms of possible ASEAN political distancing from the US, at least in terms of US security policies.

None of the discussion to this point gainsays the fact that ASEAN's significant interdependencies are with the countries of the global market economy. The neocapitalist economies of ASEAN are fully integrated into the world economy. Their access to western trade, investment, and assistance are crucial for their prosperity and economic development. Although their originally Western style political systems are being transmuted in an effort to express indigenous political values [topic B-3(b)], each ASEAN leadership vigorously rejects the Marxist-Leninist model of politics. They do not link, however, these kinds of interdependencies to a western political context that is underpinned by American strategic power. Furthermore, a factor still at work is doubt about the quality of the American political/military commitment. Recent historical memories of American policy in the region have not yet been fully overcome. The credibility of the commitment is not fully appreciated. Recent efforts of the US to enhance this credibility both rhetorically and in deployments notwithstanding, the limitationist construct of one side of the US foreign policy debate is understood in ASEAN and is interpreted in the context of the potential vagaries of the US electoral and budget cycles.

Also influencing ASEAN attitudes towards the US is the fact that US policy is not seen as being comprehensive in fulfilling the declared commitment to the region. It is argued that the US undervalues its relationship to the ASEAN, emphasizing only the need to counter the Soviet Union. The ASEAN position is that a US commitment should be inclusive of all elements of interactions. Particularly irritating to ASEAN is what it perceives as the contradictions between US political statements and the practices of US economic/commercial policy. ASEAN's perception of a US undervaluation of the political relationship is represented as well in the concern about what ultimate purpose the US might have in the fostering of its strategic relations with the PRC and Japan. Some ASEAN leaders suspect that the US wants to assign Southeast Asia as a security sphere of interest to a chosen Northeast Asian surrogate.

Of particular concern to many strategic planners in ASEAN, especially in Indonesia and Malaysia, but certainly not limited to those two countries, is the US-PRC relationship. Their apprehension, founded or otherwise, is that the US provision of inputs of technological and military assistance to China will in the name of modernization lead to the acquisition of the capability to make manifest the latent expansionist policies constituting to Southeast Asia a much more real long term external threat than the Soviet Union. In looking to that future, the current activities and regional military buildup of the Soviet Union are evaluated in the framework of a regional balance-of-power in which the USSR has a functional role as a balancer of China. This means that ASEAN's options to the Soviet Union must remain open in order to have a future "Soviet card" to play against China. This becomes even more imperative to the degree that the US would be seen as favoring the PRC relationship over the ASEAN relationship.

Among all the forces at work in the Southeast Asian regional international environment facilitating better ASEAN-Soviet relations, it is concern about China that offers the Soviet Union the greatest opening. Nevertheless, there still remain powerful political and psychological factors that operate to constrain the Soviet Union's ability to translate its growing presence in the region into any kind of leadership role. In the short run, the Soviet Union will be limited in exploiting the politics of equidistance as long as it continues to write Vietnam a blank check in Kampuchea. For the longer term, we have already noted the interdependencies between ASEAN and the West. The Soviet Union will not be able to functionally distort this. All ASEAN governments are alert to Soviet espionage and the political component of the overt and covert contacts of Soviet diplomats and agents. The Soviet Union seems to have failed to appreciate the maturation of the ASEAN nationalisms after a generation of independence. Nor does the Soviet Union truly comprehend the dynamic economies of the region or the impulse to regionalism --both of which fly in the face of Marxism-Leninism. Although Soviet academicians have a profound store of knowledge about Southeast Asia, Soviet operations in the region have often been crude, insensitive, and insulting. This is true even in the land of Vietnamese true believers.

On the other hand, as the Soviet presence grows so does its capability for coercive diplomacy involving the display of military might if the opportunity should arise. One element of this kind of muscle flexing is to demonstrate to ASEAN nations the possible consequences of militarily linking themselves too closely to the United States; for instance the Philippines and

Thailand. A second dimension of potential Soviet coercive diplomacy would be in support of its local ally's interests in the region. The way in which the Soviet-Vietnamese military alliance will operate in a post-Kampuchean crisis Southeast Asia has to affect the quality of ASEAN-USSR relations. Will Soviet power be brought to bear in favor of expansive Vietnamese regional political/military goals? Just one example of where Soviet military capabilities could be relevant would be in the furtherance of Vietnam's maritime and territorial jurisdictional claims in the hotly disputed South China Sea.

The notions of equidistance and its more radical cousin, great power equivalency, tend to be narrowly defined in terms of political choices made to promote ASEAN security interests at the superpower level of interaction. They do not apply to the full range of international activity nor to value choices. There is some evidence, however, that the politics of equidistance may have some symbolic impact on military assistance choices (the bruited Malaysian helicopter purchase). The Soviet Union is not appealing to ASEAN as a national model. It has little to offer economically. Its alliance with Vietnam is politically counterproductive. In contrast, there is no question but that the US connection is highly valued as long as it does not require ASEAN to make a coordinated strategic response to an American postulated Soviet threat. The one area in which the Soviet Union might find an opportunity to translate its military power in the region into regional political influence is in ASEAN's concerns about the PRC. Its success or failure in this respect will not be a function of its own behavior, or perhaps even the PRC. The burden of relieving ASEAN of its strategic ambiguity is on the US in a two-fold manner:

- (1) To demonstrate constancy of purpose and power and be able to communicate this meaningfully to ASEAN in terms of their own national interests.
- (2) To recognize by acts as well as rhetoric that there is linkage in US policy between a US-PRC relationship that is strategically oriented towards the Soviet Union and the US relationship with an ASEAN that is strategically oriented towards China.

The Impact of the PRC-US Relationship on the Neocapitalist States
of Northeast Asia: Japan, Korea, Taiwan, Hong Kong

The new and energetic capitalism of Japan, Korea, and Hong Kong constitutes a growing and possibly controversial dimension in their relationships both with the United States and the People's Republic of China. Free enterprise capitalism (albeit, functioning within the constraints of guidance) is seen by these states as the engine not only of economic growth but of political power and prestige as well. They look to the United States, perceived as the bastion of capitalism, for something more than moral support: there is the expectation that special relationships are warranted between the 'metropole' and outlying 'plantations' of capitalism-cum-democracy.

A geopolitical datum intrudes, however. The new capitalist states of East Asia all lie on the periphery of the People's Republic of China. A nation in turmoil -- and endemic status perhaps -- the PRC gives no indication of any immediate turn to capitalism (whatever might be reported to this effect). The issues with which it is today beset -- economic structure, social structure, ideology, and nationalism to mention only a few -- all have the potential for disruption and de-stabilization [reference Topic B-3(a)]. The outcomes of the concurrent series of debates within China not only are likely to bear heavily on the foreseeable future of the PRC but may weigh more heavily than any other factor on the future of the East Asian capitalist states. This point is made all the more salient in the minds of the latter by what appears to be the makings of rapprochement between Washington and Peking.

The developing relationship between the US and the PRC can be seen as having the potential for complicating the relationships between the neocapitalist states of East Asia and the PRC and between these same states and the US. Is the anticipated US endorsement and indeed active support of East Asian capitalism to be in some measure moderated as the result of accommodation between Washington and Peking? What expectations does the PRC have in this regard? Japan, Korea, Taiwan, and Hong Kong have been able, by and large, to follow somewhat 'independent' policies vis-a-vis the PRC. Their policies have been essentially "mercantilist"; their economies have a global reach rather than a regional character. However, this independence of the PRC stems also from a perception of 'capitalist solidarity' with the United States.

Differential rates of growth (or modernization, if you will) between the neocapitalist states of East Asia and the People's Republic of China may well prove to be the most troublesome issue for the parties involved and for the United States. It is highly unlikely that the pace of modernization processes in the PRC will be rapid. It is already demonstrable that the processes of modernization in the peripheral neocapitalist states are rapid and accelerating. In the latter instance, for example, there is a total commitment to high technology economies with all of the potential for exponential leaps forward that that implies. The PRC in all probability will not make a similar commitment to high technology and it will not link its growth efforts to the global economy. In a situation where the PRC persists in an indigenous, nationalistic path (accompanied to be sure by modernization rhetoric) and the peripheral states become increasingly competitive within the global economy

the differential results can be dramatic in a relatively short period of time. One possible if not probable result: by the end of the century the disposition of Hong Kong, seemingly resolved in 1984, could be a wholly new and wholly acrimonious issue.

Potentially more explosive than differential growth rates is the prospect of divergent political/social paths for the PRC on the one hand and the neocapitalist peripheral states on the other. We have alluded to the steady if wholly unique democratization of Japan in another paper and underscored the vital importance of this process from the standpoint of American interests in Asia. A cautious but consistent backing of democratic political processes in the Republic of Korea, likewise, is an axiom of American policy. The underlying rationale for the American position vis-a-vis Taiwan is as much rooted in principles of political liberty as in geopolitics. There is no indication whatsoever that Washington will do anything but reinforce these positions in the years ahead. On the other hand there are indications that the United States will grow increasingly concerned about political/social trends (personal liberty trends) in the PRC. The competing, indeed conflicting, political-social-economic models provided by the PRC and the peripheral states is a cloud on what has otherwise been a promising Asia/Pacific horizon.

If we accept the premise that the PRC and the peripheral states will follow increasingly divergent paths for the balance of the century what strains will this place on the US-PRC relationship? What strains will it put on the notion of capitalist solidarity as between the US and the East Asian neocapitalists? How much 'capitalist contamination' on its periphery will the PRC be prepared to indulge especially in light of the successes that can be expected for it? The United States can address these emerging concerns by placing them in broad political context, that is to say by reducing the issues of divergence between the PRC and its neighboring states to the most fundamental political terms.

The relationship between the US and the PRC must be articulated in terms which reinforce the basic political and security interests of all East Asian states. This relationship is one in which the United States at once both supports and constrains the People's Republic. The central security problem both for the US and the PRC is posed by the Soviet Union. Such ties as exist between Washington and Peking address this problem first and foremost. This priority of both governments redounds to the advantage of East Asia generally. Issues such as capitalist solidarity outside the borders of China while nettlesome to Peking can be contained within broader political frameworks.

There is significant potential danger, however, overriding political and security interests notwithstanding. The impact of burgeoning democracy, social modernization, and high-technology driven economic success will continue to transform the neocapitalist East Asia states. The effects can be expected to be little short of revolutionary within these states. Should the impact of these dynamic forces be felt within the PRC, at what is clearly a critical juncture when debates about the basic outlines of China's future are underway, the results could be unsettling to say the least. A new and possibly unparalleled repression could ensue. The United States will be confronted with yet another instance of managing conflicting interests.

We remain unsatisfied with the structuring and presentation of this topic. The "handle" on it is not readily apparent. We have approached it from

a "political economy" point view of since, as the discussion papers focused on China indicate [topics A-2 and B-3(a)], it will be the success or failure of China's development process that will be determinative of the PRC's foreign policy orientations. On the other hand, we recognize that the topic could be addressed from a strategic/security point of view, in which we would treat the US-PRC relationship in terms of the regional balance of power. Our indecisiveness in this regard, may reflect the many imponderables or "what if's" inherent in the question. We would recommend a closer examination and specification of the topic either in terms of reorienting it, or perhaps better even, collapsing it into other aspects of the discussion of China.

Culture, Revolution and Modernization in China

Unlike the multitude of new nations which have come into being since the end of World War II, modernization can be said to have begun in China more than a century ago with the efforts of the regional military leaders following the Taiping Rebellion. The process of development was seriously inhibited, however, by the internal weakness of the Qing government, by the pressures of the Western powers and (later) Japan, by the chaotic internal situation following the establishment of the Republic in 1911, and later by the war with Japan and the Chinese Civil War. China's problems with political and economic development are well known, as is the fact that China remains a poor (1982 per capita GNP US\$250) and underdeveloped nation. What is perhaps equally important, however, is the fact that a succession of leaders and would-be leaders of China have failed to construct a meaningful new culture, or explanatory system, or "hero-system" to use Ernest Becker's term, to replace the Confucian world view which was riven with incoherence under the impact of a stronger Western culture. Thus, after a century of modernization, and nearly a century of revolution, China still finds herself searching for identity in the modern world. The problem thus has at least two dimensions: the political/economic dimension and the cultural/sociological dimension.

Political and Economic Problems

(1) The "Four Modernizations". China's current program of modernization is summarized in the slogan "Four Modernizations" which encompasses the modernization of industry, agriculture, science and technology, and the military. While the original announcement of the four modernizations was short on details, two major efforts have now been announced which are intended to generate some improvement in the backward Chinese economy. The first wave of reforms was contained in a series of policy decisions which have eventually resulted in the abolition of the agricultural commune system and the institution of the responsibility-contract system which has essentially made farming once again an individual household activity. The last several years in China have witnessed a significant increase in farm productivity as well as a (sometimes spectacular) rise in peasant incomes. These advances have not, however, been achieved without cost. There is evidence of discontent on the part of rural cadres who have lost authority as the former structures of decision-making and control have been dismantled. In its simplest form, the responsibility-contract arrangement resembles a tenant farming system with the state as landlord and the peasant families as tenants. It is a system in which much of the former machinery of planning and administration has become superfluous. Chinese bureaucrats are not known to be less tenacious when threatened with obsolescence than their counterparts in other political systems, and it seems that they have reacted accordingly. The Deng coalition has clearly carried the day, though, and their leadership at present does not seem to be threatened by serious opposition forces, but the problem of cadre/bureaucratic discontent may carry long-range implications for a less secure post-Deng leadership. The very success of the agricultural reforms may harbor potential problems as well. Already a sort of economic stratification is developing which sees some Chinese becoming far wealthier than others. Nor is this simply a matter of energy and talent, as we might like to believe.

Those engaged in sideline enterprises may have the opportunity to earn far more than others engaged in the production of essential foodstuffs. Likewise, there are significant differences from one part of China to another -- and even within individual villages -- as to the productivity potential of the land under contract by the farming household. Given the nature of the Chinese regime, there are also political/ideological problems raised by the practice of one person hiring the labor of another for private gain, and by the spectacle of some people becoming spectacularly wealthy while others fall behind. Again, Deng seems to be firmly in control, but the potential for serious trouble lies in wait for a failure of the new policies or a change in leadership.

Many of the same observations can be made about the more recent pronouncements regarding changes in the non-agricultural sectors of the economy. Specific observations about these changes are contained in the paper on Topic A-2. One observation made there is pertinent here also and therefore bears repeating: none of the usually powerful groups, the military, central planners, bureaucrats, provincial leaders, or industrial workers, stands to gain much -- especially in terms of political power -- from the proposed reforms. Indeed, since the completion of the discussion paper on Topic A-2, we have information on "sweeping reforms" which Deng intends to carry out in the People's Liberation Army over the next few years, brought on at least in part, it is hinted, by military opposition to the reform programs. This certainly must be regarded as a potentially serious obstacle to the Deng coalition should the reforms falter (e.g., a rapid growth in inflation and/or unemployment) or should Deng die before all of the opposition forces are neutralized.

(2)Population growth. Any assessments of the prospects for modernization in China must come to grips with the immensity of the Chinese population. The official population announced at the time of the 1982 census was one billion, forty million (1,040,000,000). Despite the fact that this was the most comprehensive census ever conducted by the PRC, there are still disagreements about the true size of China's population. Some sources place it lower, and some higher, though all agree it is more than one billion. China's leaders are painfully aware of the potential for growth with such an enormous base, much of which is already into or will soon be entering the prime child-bearing years (35% under the age of 15). Stringent measures have been introduced to hold down the rate of population growth, particularly the campaign for the one-child family. This campaign met with mixed success thus far, partly as a result of the strong cultural bias in favor of a male heir and partly because the responsibility system in agriculture has made it economically advantageous to have more family hands available to work in the fields. Even a best-case scenario of the population situation, however, leaves the Chinese with a massive problem to be solved. The government's own target is a population of 1.2 billion by the year 2000. That is, if the population is presently slightly over one billion, China will add nearly two hundred million people to its population in the next sixteen years. This additional number represents approximately 80% of the population of the United States and more than one and one-half times the population of Japan. The world's two most productive economies would have difficulty absorbing such a huge population increase, how much more will it be the case for China. The stark reality is that in the next sixteen years China will have to provide essential services -- food, shelter, clothing, education, transportation, recreational facilities, employment -- for an additional population nearly as large as that of the United States just

to stay even. And this in a situation where China already imports more food than any other category of trade item from some of its major trading partners such as the United States and the EEC. If China's population is already close to 1.1 billion as some observers believe, and if the measures to control population growth are only partially successful, the numbers will obviously be worse. Under any circumstances, China's leaders are faced with hard decisions about resource allocation and investment which will bear directly on her capacity to modernize and to catch up with her more prosperous neighbors in the region.

Cultural and Sociological Problems

China's cultural and sociological problems are a part of the larger problem of value change in developing societies, but with a special character due to the Marxist-Leninist explanatory system which legitimizes the Chinese political system and, more to the point, the ruling position of the Chinese Communist Party in that system. As suggested above, China has struggled for nearly a century to replace or supplant the Confucian world-view with a new culture or a new explanatory system which would both satisfy the needs of individuals for a belief system which provides a sense of self-worth, and also provide a satisfactory explanation of the legitimacy and authority of the government. The Chinese government shares the common concern of all governments that citizens internalize those cultural values and norms which make the society orderly and essentially self-directing. The Chinese leaders, that is, are concerned with stabilizing and maintain those cultural directions which will permit them to avoid, delay, or circumvent the use of force to control human behavior. This clearly must be a matter of central concern for, as students of politics have long recognized, regimes based largely or primarily on the use or threat of force tend to be unstable and short-lived. Moreover, if force fails, there is no further recourse.

It is only possible in this short space to assert -- without supporting evidence -- that the attempt of Mao Zedong's revolution to create a satisfactory new explanatory system for the Chinese people was at best only partially successful, that his attempt to revitalize Chinese culture failed to achieve what cultural anthropologists call a new "steady state," and that serious "cultural" problems still exist. Evidence of the government's concern with this problem are numerous and persistent. They include recurrent calls to model one's life after the great army hero Lei Feng, to build "spiritual civilization" and to address the urgent problem of moral education. Indeed, in his address to the CPC 12th Party Congress (1982), Party Secretary Hu Yaobang devoted considerable attention to the problem of "spiritual civilization" without which, he said, "the building of socialism would be out of the question." Hu identified problems such as improving "standards of social conduct," the achievement of "markedly better public order," and "generally improved attitudes towards all types of work." The drive towards spiritual civilization also means, said Hu, "putting an effective check on and arousing universal contempt for such unhealthy tendencies and practices as benefiting oneself at others' expense, pursuing private interests at the expense of public interest, loving ease and despising work, putting money first in everything, unscrupulous pursuit of personal enjoyment and attempting to isolate and attack advanced elements," which, one assumes, must include the Party. All of China's "cultural construction," Hu insisted, "must, of course, be guided by Communist ideology," and therein, we suggest, lies the dilemma facing China's Communist leaders.

That China's leaders have failed to instill widespread acceptance of the norms and values of this "Communist ideology," there can be little doubt. The information organs of the PRC continue to report -- usually with dismay -- the persistence of older, more durable systems of explanation and validation which control by the sanctioning Communist ideology has failed to eliminate. A recent article in the Chinese press bemoaned the fact that while peasants "believed in the power of science and are trying to apply it to farming," in other matters, "concerning birth, death, age, illness and marriage, many cling to feudal superstition and outmoded custom." There may be more important human concerns than birth, death, age, illness and marriage but it is difficult to imagine what they might be. The Chinese leaders continue to treat the failure of the sanctioning ideology adequately to address these fundamental human concerns as a failure of technique which can be rectified by another "three point education program" or other similar effort, whereas, in fact, the problem may be more fundamental. No matter what we may think of the sanctioning ideology, though, it is the ideology which will direct China's modernization and adaptation to a rapidly changing world. It is the system of explanation and validation to which governmental institutions are committed, and which those institutions, therefore, seek to maintain against all rivals. It is also the system of explanation upon which the leaders' legitimacy is based, the coherence of which they must maintain at all costs. For should Marxism-Leninism, Mao Zedong Thought be judged to be incoherent or, even less likely, should it be abandoned, there could be no possible justification for the leading or "vanguard" role the Communist Party has chosen for itself. But this authority/legitimacy dimension of the problem reveals only one of its aspects.

It is the job of governmental institutions wherever they are found to resolve ideological incoherence, but when the governmental institutions are themselves dependent upon maintaining the coherence of a single ideology, as is the government of the PRC, a serious problem develops. The judgment of incoherence and the generation of innovation can only come from what we might call the "ideological institutions," including the physical and behavioral sciences, philosophy, theology and the arts. But if the power and, indeed the very survival of the government depends upon sustaining the coherence of a single ideology, the government must attempt to bring these "ideological institutions" under the control of the sanctioning ideology, the coherence of which is threatened by outside judgments of incoherence and by innovation. The drive for modernization in China has brought many changes in recent years, changes which have reflected an awareness that modernization of the sort Deng and his supporters seek to achieve requires some lessening of control by the sanctioning ideology over the various social and "ideological institutions." This "liberalization" in turn, however, has been accompanied by an enormous rise in the number of executions in China -- an average of 1000 per month by some authoritative estimates -- and by the recent campaigns against cultural and spiritual "pollution", against "germs" infecting China from within and without, against "humanism" and against a variety of religious and social practices which are considered to be evil, degenerate, or undesirable.

Backlash by the Party against the results of the relaxation of ideological control can be easily understood in the context of the analysis suggested here. Party leaders recognize that their modernization plans require the sort of innovation which can only come from the intellectuals who man the "ideological institutions" -- the social and physical scientists, economists, writers, philosophers, engineers, and others -- and that to achieve this

innovation there must be a lessening of ideological control. Such relaxation, however, inevitably brings ideological innovations and critiques which are threatening to the coherence of the sanctioning Communist ideology. The goals of the Four Modernizations, that is, require less ideological control to permit more innovation. But that innovation is precisely the explanation for the appearance of "germs", "pollution" and "humanism", and for the inevitable suggestion that the Party and its sanctioning ideology are in fact the cause of the problems they seek to solve. It is no mere coincidence that, from the inception of the PRC, each time the Party has attempted to loosen control on the intellectuals who man the "ideological institutions," someone(s) innovates the response that the Party ought to go away and leave the Chinese people alone.

The Party is thus caught in what appears to be an insoluble dilemma. The very sources of innovation which hold out the promise of the sort of future the Chinese leaders profess to want, are in the end unavailable to them. By giving the "ideological institutions" free rein to randomize and innovate, the coherence of the sanctioning ideology is threatened. Conversely, by bringing intellectuals under the control of that ideology, the main sources of innovation are shut off. China's leaders may thus be faced with some very tough choices. Can they afford to acknowledge that the success of Western capitalist systems stems from their reliance on what we might call the model of "science", the benefits of which flow from the exploitation of ideological incoherence and not from the imposition of ideological control? More to the point, would it be possible for them to act on this knowledge? For them to do so, it seems, they would have to abandon their reliance on a single sanctioning ideology -- Marxism-Leninism, Mao Zedong Thought -- an ideology which legitimizes and explains the positions of leadership which they have assumed for themselves, and without which there is no justification or legitimation for their continuance in power.

How much control, then, will China's leaders be willing to relinquish in the name of economic modernization, or, conversely, how much "inefficiency" will they tolerate in the name of control. If the model of the Soviet Union is any guide, we should at least acknowledge the possibility that a post-Deng or anti-Deng leadership group may be willing to accept stagnation as the price of maintaining its grip on the Chinese nation.

The Search For Ideology In ASEAN Southeast Asia

Leaderships in every ASEAN state, with varying degrees of urgency, are searching for new ideological constructs to accomplish two, some times difficult to reconcile, political tasks. First, they must try to justify their own authority in societies undergoing the disruptions of rapid economic and social change. In other words, they seek to politically interpret the disorienting forces of modernization in ways that will leave unchallenged their right to rule but at the same time give meaning to individual political life. Secondly, in societies that are horizontally riven by the stratifications of income inequity and status (perhaps for Southeast Asia a more accurate depiction of social divisions than the notion of "class") and the vertical divisions of race, ethnicity, language, and religion (the identifications of sub-national community), leaderships seek to articulate an ideological framework within which the population can be noncoercively mobilized to common social, economic, and political goals.

While the political values to which ASEAN elites still refer may reflect the impress of universal values commonly associated with the political economies of modern democratic industrializing societies, such as social justice, economic equity, participation, etc., increasingly the political structures to which they are attached and the political transactions they legitimize are authoritarian, emphasizing unity over responsible opposition and the collective good as opposed to the individual interest.

The current ideological ferment in the ASEAN region seems to be a result of some mutually reinforcing factors.

1. The inutility of the political symbolism of the old nationalist ideologies with their stress on opposition, struggle, sacrifice, and deferred rewards in an environment of rapid economic growth, international mass communication, and technological diffusion [reference topic A-12]. Bureaucratic centralization of planning, politics as technocracy, people as resources, all of the elements of the managed nation/economy-building programs in ASEAN, have not yet, however, produced an alternative ideological framework that can fully mediate the disintegrative or socially atomizing impact of the modernizing process on the individual's social identity. The ineffectiveness of the old nationalist appeals combined with the noninspirational sterility of ideas of growth and progress measured by aggregate quantifiable data contribute to an ideological climate in which appeals for a redirection of human endeavor and loyalties to fundamental primordial belief systems and social groupings can flourish --for example Islam [reference topic A-16].

2. The erosion of time and generational change has meant the dilution of common political values based on shared experience. Malaysia's Prime Minister Mahathir notes that nearly 60 percent of the population was born after Malaysia's independence (1957) and bemoaned the fact that: "For this reason, there are many of the younger generation today who no longer feel grateful or do not know how to feel grateful. . . They no longer have a national spirit." The same problem confronts Indonesia's elite as the "Generation of '45" gives way to post-revolutionary technocratic managers. In Singapore, Prime Minister

Lee Kuan Yew decries the fact that today's youth are materially spoiled and ignorant of the struggles of their parents.

3. The explicit political structures of representative democracy that were the legacy of colonial rule have from the point of view of indigenous elites proved ill-suited to the needs of development and internal security -- and incumbency. As forms of representative democracy have been remolded to fit the interests of incumbent elites, they have sought to justify their acts in ideological terms that legitimize less-than-democratic (authoritarian) regimes in terms that have (assumed) value referents in indigenous history and culture. There have been attempts to "indigenize" or particularize ideology.

4. In political systems that are institutionally weak and where, as in ASEAN, elite-mass value integration is imperfect, often the military assume a leading social and political role. The justification of military participation, and in some cases dominance, in politics too requires ideological justification.

If Western-centric democratic ideologies seem less attractive in the ASEAN realm than at independence, Marxism-Leninism as the organizing principles for these states has even less relevance. All of the ASEAN states fought or are fighting armed communism. Marxism-Leninism is the historical counter-elite enemy of the regimes. Furthermore, with respect to the problems of economic development and growth, the contrast between ASEAN's open neocapitalistic structures and the command economies of the Marxist-Leninist states of Asia is evident [reference topics A-2 and A-10/11].

In general, in terms of American foreign policy, it will be argued that ideological evolution in ASEAN will have the result of slowly changing the affective quality of US relations in the region. Furthermore, particular irritants might arise if discrepancies between US evaluations of basic civil and human rights and the practices in the region become part of the bilateral dialogues.

To this point in the discussion we have focused on some general themes or common threads that would shape a discussion of ideological change in the ASEAN region. We follow this with a brief statement of some particular country considerations.

Indonesia. After the abortive communist coup of 1965 (Gestapu), the duopoly of political power in the Indonesian state held by the Indonesian military (ABRI) and Sukarno's managed forces of radical nationalism became a military monopoly. Although the ideological basis of the state remains unchanged, its interpretation is an issue of contention between "secularists" and "theocrats" or "modernizers" and "traditionalists." The five principles of the Indonesian state are called the Pancasila. They are belief in one God, humanitarianism, nationalism, democracy, and human justice. Although culturally neutral in a plural society, nevertheless, the government's emphasis on making the Pancasila the sole principle (azas tunggal) of all social organizations has provoked resistance. Rather than Pancasila being a harmonizing framework for national life, the government's campaign has provoked discord, particularly from the forces of Islam. This particular aspect of the ideological struggle in Indonesia will be treated in detail under Topic A-16, "Political Islam in Southeast Asia." Resistance to the first principle of the Pancasila is termed "extremism of the right."

"Extremism of the left," on the other hand, while perhaps literally conceived of as communism, in fact takes in all forces of liberalism as well -- the so-called "frustrated democracy groups -- that oppose militarism in the form of ABRI's "dual function" (dwifungsi) ABRI's "dual function" presupposes a special relationship between the military and the nation in that the military is the "dynamic stabilizer". It is operationally expressed in a social and political role for the military as well as its defence function. This has meant the penetration by the military of all aspects of Indonesian public life. Deeply entrenched in the Indonesian military ethos, the concept of "dual function" apparently has been successfully transferred as a central value to the new generation of military officers. It has also received a statutory basis in the 1982 Defence and Security Act. On the other hand, as the civilian technocratic base expands more "liberal" challenges to military predominance in functionally nonsecurity roles can be expected. In terms of US policy and looking to the future, while the deep differences over ends and means in Indonesia pose no immediate threat to its internal stability (and hence its regional role), the questions surrounding the succession of Suharto (1988?) creates uncertainties about future stability.

Thailand. Historically, attachment to the twin traditional symbols of Buddhism and the monarchy has operated to confer legitimacy on the acts and actors of Thai politics. Within this broad and nonspecific framework that defines the systems "Thai-ness," however, since the "student revolution" of 1973, the constituent elements of the Thai bureaucratic polity have manipulated competitive political values as they seek either to institutionalize the discontinuity of 1973 into a functioning, civilian-based parliamentary democracy or restore the primacy of the military. The contemporary ideological component of the military's claim to power sharing is to be found in the application (or as critics would have it, misinterpretation) of Prime Minister Prem's Order 66/2523 (23 April 1980) which attempted to provide a political and psychological thrust to the counterinsurgency campaign against the Thai communist party. The operational guidelines of 66/2523 were generalized to the whole nation in the subsequent Prime Minister's Order 65/2525. Although the orders stressed the task of strengthening democracy, the monarchy, and national security, one army school of thought, associated with Gen. Arthit, saw the military as being the guardian in shaping and controlling economic and political institutions. Not unlike Indonesian military ideology, Arthit and the "Democratic Soldiers" viewed the Thai military as the dynamic force in the evolution of Thai political development. Therefore, structural impediments to the full participation of the military in the politics of the state should be removed. This was the genesis of the constitutional amendments issue in 1983 (see the Royal Thai Army "White Paper, "The Direction of the Army on the Problem of Amending the Constitution") and continues to create doubts about the stability of the constitutional regime as the army seems permanently poised to stage a coup. Thai civilian critics of the army (and Arthit's) ambitions worry that the US by joining the military in exaggerating Thailand's threat environment, enhances the destabilizing influence of the anti-parliamentary forces in the military.

The Philippines. Under the decade long (1972-1982) martial law regime of Philippines President Ferdinand Marcos, the Philippines political system came to resemble other authoritarian political systems in Asia. In return for losing the political freedoms guaranteed by constitutional government modeled on the United States, Marcos promised the people a "New Society" in which all

would share in economic growth, increased welfare, and social justice in the framework of an expressly self-conscious political system resting on Philippines culture and tradition. The political structures of the post-martial Marcos administration do not disguise the continuity of essentially authoritarian presidential rule. Although Marcos still exercises command over the instruments of power, uncertainty abounds about the future. All of the possible indicators of instability abound in the society buffeted by the conjuncture of economic disaster and succession politics in a psychological environment conditioned by repression and violence, in which the murder of Sen. Aquino was but a culminating act. This is not the place to discuss the political future of the Philippines. Our attention, in the framework of the subject of ideology in ASEAN, is drawn to the Philippines as an anomaly; that is, that contrary to what we have found elsewhere in ASEAN, the legitimacy of the regime has been undermined by its failure to measure up to the standards of liberal democratic ideology. In an ironic sense, Marcos can be described as the radical; his democratic center and center left opponents, conservatives. Philippines politics has historically been an elite struggle for power and patronage. The traditional volatility of party allegiance and the inconsequence of campaign rhetoric were symptomatic of the narrow real limits of participation. The internal dynamic of oligarchic competition was the manipulation of the traditional loyalties of patron-client and kinship relations. Nevertheless, we have proof of some degree societal internalization of democratic values in the mobilization of broad strata of non-elite publics to opposition. It would not seem possible, however, that the political status quo ante can be recovered by the opposition even if Marcos were to be toppled. Institutional and structural balances have been too much altered for that. In particular, we would refer to the army's role. The policy dilemma for the United States in this context has been remarked upon on numerous occasions. It is only in the Philippines too, of all the ASEAN states, that Marxism-Leninism-Mao Zedong Thought has broadening appeal as the polarization of politics paces incumbent intransigence. We will argue, finally, that even if there is a peaceful transition, the new regime will embrace political ideas, values, and attitudes that will lead to further erosion of any Philippines-US "special relationship." One outcome of the current strife will be the further "Asianization" of politics in the Philippines.

Malaysia. The intellectual heritage of the current Malaysian government is a view of Malay society captured in the Prime Minister's well-known book The Malay Dilemma which postulated that the ethnic Malay's heredity and environment, working out in a tradition of oppression, disadvantaged them in competition with the ethnic Chinese in the modern Malaysian state. Since becoming Prime Minister, Mahathir has sought to articulate an ideological framework to mobilize Malays to modern tasks, paralleling the economic program of the NEP. There is the vaunted "Look East" policy which has been viewed as a proto-ideological basis for Malay economic roles. At the same time, challenged by the Islamic fundamentalists [reference topic A-16], the government has sought to them by accentuating in its own way the Islamic character of the Malaysian state. This, of course, runs the risk of alienating productive non-Malays and creating communal expectations among Malays that cannot be fulfilled without risk of internal violence. There is a new Malay dilemma. Can Malaysia simultaneously "Look East" for the values underpinning economic growth and look to Islam for the values that will make economic, social, and political relations in a modern society intelligible to the human spirit?

Singapore. Singapore is a city-state populated primarily by Chinese immigrants in which status is a function of wealth and human goals tend to be set in terms of material acquisitions. Twenty-five years after independence, the meaning of politics in Singapore still seems only to be "good business." Prime Minister Lee Kuan Yew and his Peoples Action Party (PAP) have embarked on one hortatory, sloganeering campaign after another trying to instill some sense of national purpose in an essentially uninterested public. The ideological force-feeding sometimes has chilling overtones as in the current justification for genetic improvement in order to maintain Singapore's pool of brain power. While extolling the virtues of high-tech industry, computer-based education, and a satellite serviced international commodity futures market, for example, Lee Kuan Yew simultaneously demands moral education rooted in the inequalities of Confucianism. In other words, Singapore is a paradox. It can be argued that the PAP's insistence on ideology building is a self-serving enterprise in that it gives bureaucratic politicians a larger purpose. For the wider society, however, it often makes for cynicism. Perhaps we should not take Singapore as seriously as the PAP leadership takes themselves.

END

FILMED

10-85

DTIC